New politics in Japan
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Northern Ireland: through a glass darkly

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JULY 16 1993 — D8523A

European central bank 'to be sited in Frankfurt'

The German business newspaper Handelsblatt reports in today's edition that EC heads of government have decided to locate the European central bank in Frankfurt. It said the decision would be announced at an autumn summit in Brussels. The UK Treasury said last night: "No decision has been made." The finance ministry in Bonn said it had nothing to add to finance minister Theo Waigel's recent comment that most EC leaders favoured Frankfurt.

The City of Amsterdam yesterday sold its 5.24 per cent stake in Dutch steel group Hoogovens in a placing via Dutch bank ABN Amro. The city said it stood to make a book profit of Fl 19m ($9.8m) on the deal. Page 15

Pakistan opposition leader calls off march:

Pakistan opposition leader Benazir Bhutto (left) was said to be jubilant after winning concessions from prime minister Nawaz Sharif. She called off a "long march" by tens of thousands of her supporters, who had planned to rally in Islamabad to try to force the premier to call new elections. Paramilitary troops had been on standby in Islamabad for the march. Earlier report, Page 5

Russia raises interest rates: Russia's central bank raised its interest rates to 170 per cent, double the level a month ago. The move is being hailed as a breakthrough in the bank's acceptance of market principles. Page 14

Germany's Bundesbank left its interest rates unchanged. Denmark's central bank had to support the krone when it came under selling pressure amid rumours, which were denied, that the currency was to be floated or devalued. The dollar closed nearly a pfennig higher in London at DM1.7245 and at $1.488 against sterling compared with $1.5025 on Wednesday. Page 2; Currencies, Page 38; Lex, Page 14

J.P.Morgan, the big US equity and bond underwriter, boosted second-quarter net income by a third to $431m compared with the same period last year, due to bumper profits from trading in financial markets. Page 15

Britons 'misled' over arms sales: Members of Parliament and the British public were misled by the Foreign Office about government policy on arms sales to Iraq, a former Foreign Office official told an inquiry. Page 14

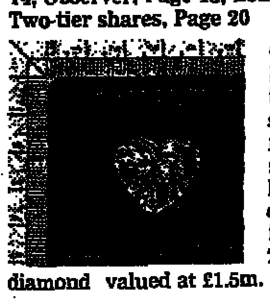
Extradition move: Switzerland said former Ferruzzi executive Giuseppe Garofano, wanted in Italy's corruption scandal, had agreed to his immediate extradition to Italy. Garofano was arrested on Tuesday. Page 2

Somalia peace force: Italy is trying to calm the row over its 2,600 peacekeeping forces serving with the UN in Somalia. Italian diplomats will meet UN and US representatives today. Page 14

Japan's trade surplus swelled to $9.97bn in June from $8.95bn a year earlier, the Finance Ministry said on Thursday. Trade with the US grew to $3.35bn from $3.14bn a year earlier. Page 5; Japan hints at cut in car exports, Page 4

Great Universal Stores, a £4.7bn UK retail, property and finance company controlled by only 2.2 per cent of its shareholders, is to enfranchise its remaining shareholders. Page 15; Lex, Page 14; Observer, Page 13; London shares, Page 31; Two-tier shares, Page 20

Gem robbery:



Diamonds worth more than £5m ($7.5m) were stolen when armed robbers raided a workshop in Hatton Garden, heart of London's gem district. The haul included a flawless 25 carat heart-shaped diamond valued at £1.5m.

Cocoa prices hit their highest levels for 19 months. Buoyed by speculative buying in New York, the London near-September contract jumped £30 a tonne to £789. Commodities, Page 30

Solo at 78: Seventy eight-year-old grandmother Mary Harper of Pennsylvania set sail from Newfoundland, hoping to become the oldest person to cross the Atlantic solo.

■ STOCK MARKET INDICES		
FT-SE 100:	2831.7	(-0.6)
Yield	4.04	
FT-SE Eurotrack 100	1229.70	(-7.44)
FT-A All-Share	1406.1	(+0.0%)
Nikkei	20,158.02	(+18.91)
New York lunchtime:		
Dow Jones Ind Ave	3532.49	(-10.06)
S&P Composite	447.99	(-2.09)

■ US LUNCHTIME RATES	
Federal Funds:	$3\frac{1}{16}$%
3-mo Treas Bills: Yld	3.065%
Long Bond	$107\frac{11}{32}$
Yield	6.552%

■ LONDON MONEY		
3-mo Interbank	6%	(Same)
Liffe long gilt future:	Sep 109	(Sep108$\frac{31}{32}$)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Sep)	$16.66	(16.575)

■ Gold		
New York Comex (Aug)	$393.9	(391.4)
London	$394.0	(392.25)

■ STERLING		
New York lunchtime:		
$	1.487	
London:		
$	1.488	(1.5025)
DM	2.565	(2.5775)
FFr	8.7675	(8.805)
SFr	2.2575	(2.27)
Y	161	(161.25)
£ Index	81.3	(81.7)

■ DOLLAR		
New York lunchtime:		
DM	1.724	
FFr	5.89225	
SFr	1.5165	
Y	108.15	
London:		
DM	1.7245	(1.7155)
FFr	5.8825	(5.86)
SFr	1.5165	(1.5105)
Y	108.2	(107.35)
$ Index	66.2	(66.0)
Tokyo close Y 107.45		

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11		
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10		
Belgium	BFr60	Hungary	Ft172	Neth	Fl 3.75	Slovak Rp	KSL45		
Bulgaria	Lw25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220		
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00		
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210		
Czech Rp	Kcs45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15		
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20		
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£50.00		
Finland	FM12	Lebanon	US$1.25	Portugal	Es215	Tunisia	Din1.250		
France	FFr9.00	Lux	LFr60	Qatar	QR12.00	Turkey	L8000		
						UAE	Dh11.00		

Report on EBRD puts final cost of refit at £66m

By Robert Peston, Banking Editor, in London

AN OFFICIAL report into the European Bank for Reconstruction and Development's London headquarters rejects the bank's original justification for the expense and says the final cost will be £66.2m ($99.3m) compared with the original budget of £53m.

The report says the architects who worked on the building at One Exchange Square were appointed without competitive tender and details a number of new examples of lavish spending.

The report, prepared by accountants Coopers and Lybrand, will be presented at a press conference today given by Mr Claes de Neergaard, chairman of the EBRD's audit committee.

EBRD executives last night said they expected Mr Jacques Attali, the bank's president to leave the bank today, two months earlier than expected despite his stated intention to stay on until a permanent successor was in place.

Mr Neergaard will also present a 30-page commentary on the report written by the EBRD's audit committee which is expected to be critical of Mr Attali, Mr Anders Ljungh, vice-president of finance, and Mr Pierre Pissaloux, the cabinet director.

Coopers has also prepared a separate report on Mr Attali's use of private jets, the fees he received for speeches, and his slowness in repaying personal expenses initially charged to the bank.

The report highlights a number of costly items including:

- £1.3m, or £44 per square foot, for specially coloured carpet designed to appear "shadowless";
- £250,000 for metallic aerofoil-shaped column casings, each of which cost £4,000;
- Meeting room chairs at a cost of £1,000 each;
- Marble cladding and flooring which cost more than £1.6m, including £845,000 spent on replacing existing new marble in the lift areas;
- Curved doors, which cost £1,700 each, about £600 more than a typical high specification door;
- Almost £6m for a high-tech system of suspended ceilings.

Bank executives who have seen the report say several pages examine the performance of the project architect, Anglo-French partnership Berthet Pochy Siddell Gibson, and the relationship between Mr Jean Louis Berthet of BPSG and Mr Attali.

The report rejects the claim made by management that the cost was in line with comparable projects in the City of London.

According to Coopers the bank spent more than £1,000 per square metre for fitting out the building compared with an average cost of more than £900 for a typical "prestige" specification building and £700 for a "high" specification building.

The report says the French side

Continued on Page 14

Lopez asked for sheaf of GM papers, court told

By Christopher Parkes in Hamburg

A GERMAN civil court was yesterday told that Mr José Ignacio Lopez de Arriortúa, a General Motors executive who left for Volkswagen in March, obtained a sheaf of about 100 documents from the US company shortly before his departure.

According to statements by Mr Lopez both yesterday and previously, he remembered asking for only four or five charts.

It was one of several statements from witnesses and written affidavits which contradicted claims and formal declarations from Mr Lopez, now VW's production director.

GM employees yesterday also contested Mr Lopez's reasons for wanting translations into German of about 300 overhead projection slides relating to GM's future purchasing policy. A statement read yesterday by his lawyer said Mr Lopez, who was head of global purchasing at GM, needed German versions for presentations to suppliers of components to Adam Opel, GM's German subsidiary.

According to an affidavit from a GM employee he asked for the translations, he wanted them because of possible difficulties with the VDA, the German motor industry association, over his purchasing policy. Mr Lopez has a confirmed reputation as a hard negotiator on prices.

"It was unusual because Mr Lopez was not very good at German," the affidavit said.

The hearing in Hamburg related to an attempt by Der Spiegel, the weekly news magazine, to remove a court gagging order imposed at VW's request. The order followed the publication of articles alleging that Mr Lopez and colleagues systematically assembled company secrets while still working for GM.

The reports also suggested that Mr Lopez, who abruptly joined VW in mid-March, and colleagues who followed, took the secrets with them or sent them in advance.

Imposing the gagging order, the court had ordered Der Spiegel to print formal rebuttals by VW executives of most of its allegations.

Ms Toni Simonetti, formerly a public relations aide to Mr Lopez, read to the court notes she claimed Mr Lopez had dictated to her for a speech to GM associates. The speech, a colourful explanation of why he had decided to stay at GM and not move to Volkswagen after all, was approved by Mr Lopez on the morning of March 15, she said. It was never delivered. Later that day he was in Germany, en route to VW.

Mr John Howell, director of business planning at GM, said Mr Lopez asked for and was given a 2cm thick wad of around 100 photocopies of presentations to an international strategy board meeting on March 8 and 9.

It was at this meeting that Mr Lopez discovered that a new car plant he had been developing at GM for 18 months was not to be built in his Basque homeland.

Since then he has publicly stated that was the reason he quit GM.

Observer, Page 13

Cuban president Fidel Castro arrives at Salvador, north-eastern Brazil, for a summit meeting of Latin American countries, Spain and Portugal

Procter & Gamble plans 12% cut in worldwide workforce

By Martin Dickson in Cincinnati

PROCTER & GAMBLE, the US consumer products giant, yesterday announced plans to cut its worldwide workforce by 12 per cent and its manufacturing plants by 20 per cent over the next three or four years to improve efficiency and combat intensifying global competition.

The move, the single biggest announcement of job cuts in P&G's recent history, will mean a $1.5bn charge against earnings in the financial year which ended on June 30.

P&G will eliminate about 13,000 of its 106,000 jobs worldwide. About half will come through plant closures and the rest through a company-wide drive to reduce overhead expenses.

Some 30 of P&G's 147 plants will be shut, with the total split broadly evenly between the US and the rest of the world.

The cuts come against a background of intensifying competition in the world consumer products industry, where P&G is battling for market share, not only against multinationals such as Anglo-Dutch Unilever but also against cut-price branded goods and retailers' own-label unbranded products.

This has forced manufacturers of branded products, such as P&G, to cut prices and rethink marketing strategies.

P&G, which has a strong tradition of job security, rejected suggestions that the cuts might have an adverse affect on the group's culture. Mr Edwin Artzt, chairman, said P&G aimed to achieve as many of the job losses as possible through reassignment, early retirement and other voluntary measures.

Mr Artzt said the company expected to generate $500m in after tax savings from the cuts by 1995-1996. The aim was to improve its profits growth, either by achieving better margins or by cutting prices further, and thus building volume and market share.

He insisted the restructuring was not a sign of trouble at P&G. "We have a healthy, growing business, a strong balance sheet, positive cash flow, state-of-the-art products and a well stocked technology pipeline . . . However, we must slim down to stay competitive."

He said P&G had had a good

Continued on Page 14

Formula One technology ban causes grand prix row

By John Griffiths in London

GRAND PRIX motor racing, its prestige already punctured by internal political squabbles and the absence of reigning world champion Nigel Mansell, yesterday narrowly escaped an almighty crash.

Its world governing body declared illegal two of the key elements of the Formula One racing cars which have helped justify grand prix's claim to be at the "cutting edge" of motor industry technology.

The Paris-based Federation Internationale du Sport Automobile (Fisa) banned electronic traction control and "active" suspension systems with immediate effect – to the chagrin of such leading teams as Williams and McLaren, which have spent large amounts developing the systems.

However the decision has pleased less financially secure teams which now believe they will become more competitive.

If fully supported by Fisa, this year's championship – and even the outcome of last year's – could be turned upside down as leading teams' points are invalidated.

But Fisa yesterday decided to ignore the consequences of a ruling by stewards at last month's Canadian grand prix that leading cars were already illegal because they have been using the systems for a year or more. The results of all races to date will not be affected.

However despite this attempt by Fisa at a compromise, Williams, currently leading the world championship, has threatened to withdraw from the German grand prix on July 25, and possibly from subsequent races, if its active suspension system – one of its biggest competitive advantages – is banned. The Williams team was meeting in Paris last night to consider its response.

Mr Max Mosley, Fisa's president, said teams would have seven days to appeal against the decision, although no verdict would be delivered until after the German grand prix.

The decision could change the shape of grand prix racing, with unpredictable consequences for vehicle makers and independent commercial sponsors who pour millions of dollars each year into the global business of formula one racing.

Mr Mosley is concerned about falling attendances and fading media interest in grand prix. He wants to see races become more closely matched and believes the technology ban will help.

Sponsors, however, are increasingly divided. Those with no technology interests in grand prix, who use it purely as a promotional platform, would welcome the lower costs implicit in a technology ban. Others, like Castrol, are dismayed at the thought of grand prix losing its "high-tech" image.

CONTENTS

Danes pledge to defend the krone

By Hilary Barnes in Copenhagen

AS THE krone came under pressure in the foreign exchange markets yesterday, Danish monetary authorities insisted that the currency would not be devalued.

Mrs Marianne Jelved, Denmark's economy minister, reiterated that no devaluation was planned while Mrs Kirsten Mordhorst, head of the National Bank's (Central Bank) secretariat, denounced as "crazy" market rumours that the krone would leave the EMS.

Mrs Mordhorst said that the speculation could not have arisen among people who knew anything about the situation in Denmark.

At the same time, however, the bank raised a key short-term interest rate, the repo rate, from 7.8 to 9 per cent yesterday morning. It also imposed a limit of 30 per cent of assets on access for the commercial banks to repurchase certificates of deposit.

This tightened liquidity, sending the 1-month Cibor (Copenhagen inter-bank offer rate) from 8.87 per cent on Wednesday to 12.29 per cent yesterday, its highest since March, when the krone was last under significant pressure.

The central bank's measures initially firmed the currency but in the absence of a reduction in German interest rates or a rise in French rates, the krone weakened again.

At the end of the day the rate against the D-mark was 3.8960, slightly weaker than when trading opened.

A statement yesterday by Mr Erik Hoffmeyer, governor of the National Bank, implied a further rise in short-term rates was possible. Describing the rise in the repo rate as a natural reaction to the weakening krone, he added "time will tell" whether the measure was sufficient.

The krone has been weak since the attack on the French franc began last week. According to Mr Hardy Larsen, head of arbitrage at Unibank, as long as the franc remains weak, so will the krone.

"Unemployment is very high, and outsiders think we must be interested in leaving the EMS system in order to be able to lower interest rates," he said.

The krone's weakness has also hit the bond market, where the yield gap between Danish and German 10-year treasury bonds has widened from 0.21 percentage points at the beginning of last week to about 0.51 points yesterday.

The Danish economy has been hit by the devaluation of sterling, the Swedish krona and several other currencies last year, leading to a trade-weighted appreciation of the krone and a seven per cent drop in the value of exports for the first four months of this year compared with the same period last year.

According to GDP estimates published by the Bureau of Statistics yesterday, a 6.9 per cent fall in export volume from the fourth to the first quarters was the main reason for a seasonally adjusted decline in GDP of 1.6 per cent.

The Bundesbank left its key interest rates unchanged yesterday as its policy-making council met for the first time since announcing cuts in official interest rates on July 1, writes David Waller in Frankfurt.

The markets had not been expecting reductions so soon after the Bundesbank's last moves. The discount and Lombard rates remain at 6.75 and 8.25 per cent respectively.

At the same time, the bank reaffirmed that there would be no change in its target range for growth in broad money supply, so-called M3. The range will remain at 4.5 to 6.5 per cent for the year, although the annualised rate was running at 6.9 per cent in May.

Croatia presses on with bridge plan

By Laura Silber in Belgrade

CROATIA yesterday pressed ahead with plans to rebuild a strategic bridge to link the main coastal motorway with central Croatia, and the nearby Zemunik airport.

Serb forces from the self-styled state of Krajina, which cuts Croatia in half, warned they would bombard the bridge and yesterday they resumed bombardments of Karlovac, a garrison town 30 miles southwest of Zagreb.

It was the first attack on Karlovac since the 1991 war in Croatia and raised fears that the Serbo-Croat war could re-ignite.

Mr Cedric Thornberry, the deputy chief of the UN mission in former Yugoslavia, repeated warnings of renewed violence in Croatia.

"Both sides are completely ready for an extremely bloody and destructive war," he told UN radio.

Ignoring warnings from the UN and the Serbs, Croat authorities have decided to rebuild the Maslenica bridge, joining central Croatia with the southern Dalmatian coast. Serb rebels have constantly delayed the reopening of the only overland route to southern Dalmatia which is not under Serbian control.

Three out of five barges set sail from Trogir, the Croatian port city, carrying materials for the 279-metre pontoon bridge planned to replace the destroyed bridge, reported Tanjug, the Belgrade news agency.

Mr Dusan Starcevic, a Krajina official, yesterday lambasted Zagreb authorities for their "unilateral" action, dismissing it as the "continuation of Croatian aggression since January 22."

Fighting continued in Mostar, the southwestern city on the River Neretva, where Moslem and Croat forces fought hand-to-hand battles.

Croatian radio said the Moslem-led Bosnian army had launched an all-out attack on Mostar. Bosnian radio also reported heavy clashes and said the Croatian army (HV) and its Bosnian sister Croatian Defence Units (HVO) had launched a joint attack on the town.

Commander Barry Frewer, spokesman for the UN Protection Force (Unprofor) in Sarajevo, confirmed the Moslem-Croat clashes in Mostar. UN peacekeepers earlier this month withdrew from Mostar after warnings from local HVO commanders.

Cmdr Frewer yesterday confirmed Moslem allegations that regular Croatian army units were crossing into Bosnia to support the HVO. Croatia has repeatedly denied that its army has been despatched to Bosnia. "We have seen signs of HV members supporting the HVO. I have no numbers and I cannot confirm whether the Croatians are advisers or combat troops," he told reporters in Sarajevo.

The French Foreign Ministry yesterday expressed its "preference" for the United Nations to draw peacekeeping troops for Bosnia from countries "which already have experience of this kind of mission," a definition that would exclude Iran and some other Islamic states that have offered troops to protect Moslems in the Balkan republic, writes David Buchan in Paris.

France yesterday also dispatched eight Jaguar ground attack jets to Italy, where it has already based 10 air defence Mirages and five reconnaissance Mirages for possible use in protecting French and other UN troops in Bosnia.

Vuk Draskovic, leader of the largest Serbian opposition group, leaves hospital yesterday and immediately vowed to oust Serbian President Slobodan Milosevic and restore democracy in Serbia, which he called a dictatorship, writes Laura Silber. Mr Milosevic last Friday issued a pardon for the opposition leader after Mr Draskovic was reported to be near death after a hunger strike. He had been jailed since June 1 after anti-government demonstrations

Brussels postpones action on energy monopoly

By Lucy Plaskett in Brussels

THE European Commission has delayed plans to take six EC countries to the European court over their respective energy monopolies, Mr Karel Van Miert, EC competition commissioner, said yesterday.

The Commission decided to postpone its court action after two of the countries, France and the Netherlands, said they would review their national legislation.

The proposed court action was a significant step for the Commission towards opening the EC energy market to competition. In May, Mr Van Miert challenged entrenched monopolies in some countries for the import and export of electricity and gas.

The Commission planned to take the six countries to court, alleging that, under EC law, statutory monopolies over the import and export of electricity in France, the Netherlands, Italy, Ireland and Spain, and for gas in Denmark and France were illegal.

The Commission had previously asked for more information on the monopolies and given warnings they could be illegal, but had been strongly opposed by the six countries. Previous charges against three further member states have since been dropped.

In an interview with the FT newsletter EC Energy Monthly, Mr Van Miert said the Netherlands and France have confirmed their willingness to move on the issue.

After a heated national debate, the Dutch announced that Article 34 of the Electricity Act which grants monopoly import and export rights to the SEP, the central power board, will be removed.

France, under the new conservative government of prime minister Edouard Balladur, has now said it intends to review the monopoly powers of state-owned Electricite de France and Gaz de France.

Welcoming this movement, Mr Van Miert said: "Since this is such a touchy issue in some member states I think the willingness, confirmed in writing, to change things is really a considerable step."

The hope is now that the other four countries will also decide to re-examine their positions, making court action unnecessary. But he warned: "If it appears that this is just a time-gaining device this will not stop the Commission from then taking action."

The whole issue of energy market liberalisation will be the subject of intense debate later in the year, when the Commission hopes to reach agreement on a proposal to further open up the energy sector to competition.

Employers 'may offer unequal pensions'

By Norma Cohen, Investments Correspondent

THE European Court of Justice has received advice from its own Advocate General that employers may offer unequal pensions to men and women if the purpose is to offset inequalities in the state pension scheme.

The advice has particular significance for UK and Dutch employers who frequently pay so-called "bridging pensions" to those of their employees who are eligible for occupational pension for several years before meeting the minimum age for state pension benefits.

It means that British employers who gave more generous bridging pensions to men or Dutch employers who gave them to women will not be required to provide the same benefits for members of the opposite sex, saving considerable costs to occupational schemes.

"From the employers' point of view this is good news," said Mr John Cunliffe, partner at solicitors McKenna and Co and an expert in pensions law. "But from the point of view of jurisprudence, its a nonsense," he said.

While it is not certain that the ECJ will accept the advice of its Advocate General, it is considered unusual for it not to do so.

ECJ Advocate General Mr Walter van Gervan, gave his opinion in the case of Roberts v Birds Eye Walls, a case which originated in Britain on behalf of Mrs Roberts, a 60-year old pensioner. In that case, Birds Eye Walls, the ice-cream maker, paid so-called bridging pensions to those who retired before reaching state retirement age. But because British women are eligible to receive state pensions from age 60 while men must wait until 65, she obtained a smaller bridging pension than a man in similar circumstances.

The UK government had surprised solicitors for all parties in the case by intervening at the last moment. The UK government had argued that if the EC were to agree that inequality in pension benefits is acceptable under some circumstances, it would pave the way for applicants seeking exemptions on a wide variety of grounds.

Garofano agrees to be extradited to Italy

By Haig Simonian in Milan

MR Giuseppe Garofano, the former senior executive of Italy's troubled Ferruzzi group arrested in Geneva this week, yesterday agreed to his extradition to Italy. Swiss justice ministry officials said that he may return within the next 72 hours.

Mr Garofano, in hiding for the past five months, has been sought in connection with a L250m (£107,000) political contribution to the Christian Democrat party. Mr Garofano claims the money was a personal gift, but magistrates investigating political corruption issued an international arrest warrant on suspiciion it came from Ferruzzi.

Mr Garofano also faces questioning on alleged irregularities in the accounts of the Ferruzzi group.

Italy's Consob stock market and companies watchdog this week took legal action over alleged irregularities in the accounts of Ferruzzi and Montedison, its main operating subsidiary. Mr Garofano was Montedison's managing director for a number of years and also held senior positions in Ferruzzi.

The threat of additional complications to the rescue plan being prepared by a group of creditor banks yesterday triggered a sharp fall in the shares of the Ferruzzi Finanziaria holding company.

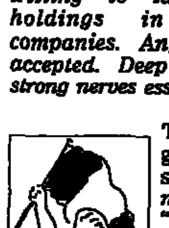
● A Naples judge has authorised the sequestration of expensive paintings, silver and jewellery given by a leading drugs company executive to Mr Francesco De Lorenzo, the former health minister.

According to leaked testimony, Mr Giampaolo Zambeletti, the executive, regularly gave gifts, totalling about L300m, to Mr De Lorenzo, and Mr Paolo Cirino Pomicino, a senior Christian Democrat ex-minister, and their families.

French look for the strong, silent type

Government seeks supportive investors in sell-off, writes Alice Rawsthorn

WANTED: Long-term investors willing to take minority holdings in privatised companies. Any nationality accepted. Deep pockets and strong nerves essential.



The French government is searching for *noyaux durs*, "hard core" investors, to participate in its privatisation programme. These are companies which take minority stakes in another and then act as a stable, supportive shareholder to shelter it against the storms of the private sector.

Noyaux durs played a prominent part in the last French privatisation drive in 1986 and 1987. However, those sales took place at a time when the Paris stock market was soaring and corporate profits were rising.

It may be more difficult for the present government to unearth loyal investors in the current climate when many companies are strapped for cash and the stock market is sluggish.

The concept of *noyaux durs* is indicative of France's ambivalent attitude to capitalism. Although these shareholders act as strategic partners for the company, they are alsoexpected to serve as a source of support for the board in the event of a hostile takeover.

This contradicts of the prevailing Anglo-Saxon view that the threat of takeovers makes senior management more efficient. "What is it that you French have got against takeovers?" asked an incredulous American banker at a privatisation conference in Paris last week.

The French have nothing against takeovers but prefer continuity

The answer is that the French have nothing against takeovers per se, but prefer continuity of ownership.

This is understandable in a country such as France where many large companies are controlled either by the state or by their founding families.

The few that fall outside those categories tend to be protected by complex webs of cross-shareholdings and sweetheart deals.

Against this backdrop it is scarcely surprising that when the new French government started to plan its privatisation drive it resurrected the concept of *noyaux durs* as a way of offering some protection to the companies on its hit list.

In theory the government faces a tougher task in rustling up compliant investors in the present unfavourable economic environment. And some French companies may be wary of alienating the US and UK shareholders that have in recent years invsted heavily in the Paris stock market.

In addition, the performance of some of the 1986 and 1987 privatisation candidates has been poor. For example, the share price of Suez, the industrial and financial group, is now trading below the offer price

But in practice there seems to be no shortage of prospective *noyaux durs* for the next round of privatisations.

Some groups have expressed interest in investing in companies with which they have strategic links. Matra-Hachette, the defence electronics group, has declared its interest in Renault, the motor group with which it produces the successful Espace van in a joint venture, and Aerospatiale, the aerospace concern.

Alcatel-Alsthom, the electronics company, has said that it would be prepared to invest in France Telecom, even though it is not on the privatisation list.

Other would-be *noyaux durs* have different motives. Société Générale, the banking group, has said that it plans to participate in the privatisations as "advisor, vendor and investor". Its rivals interpret this as a thinly-disguised bid for lucrative advisorships from the French government.

There are even signs of interest from foreign investors. IFIL, an Agnelli family holding company, has said it sees the French privatisation programme as a way of expanding beyond its native Italy.

There are even signs of interest from foreign investors

There are also hopes of investment from Japan, where the concept of a long term, silent-partner investment seems far less foreign than in the US or UK.

The critical question is whether the concept will still work in the modern Paris stock market. It did in 1988 when the recently privatised Société Générale rallied its *noyaux durs* to stave off a raid by Mr Georges Pébereau, the French financier.

But last year's drama when Nestlé, the Swiss food group, succeeded in taking over Perrier mineral water after a long and complex battle, showed that such boardroom allies do not make companies invulnerable.

Meanwhile the recent row between Suez and Union des Assurances de Paris over the former's refusal to cede control of Colonia, one of its German insurance subsidiaries, illustrates that *noyaux durs* are not always as mutually supportive as the French government would like to think.

NEWS IN BRIEF

German towns warn of waste crisis

THE Association of German Towns, which comprises 7,000 towns and cities with 51m inhabitants, yesterday warned of an imminent waste crisis on German streets due to the mounting problems faced by Duales System Deutschland (DSD), the national waste management scheme, writes Ariane Genillard in Bonn.

Meeting Mr Klaus Töpfer, the environment minister and chief architect of Germany's recycling laws, the association said urgent new measures were needed to ensure that municipalities were not faced with the costs of a collapsing DSD.

DSD, which collects packaging waste from households in Germany, faced near-bankruptcy last month before being partially rescued at the last minute by funds from industry.

The company recently announced it will cut by 20 per cent the price it pays to municipal waste management companies for the waste it collects and cannot recycle.

DSD has been overwhelmed by the mounting flow of plastics it collects and for which Germany has no recycling facilities. The company announced that it will from now on only recycle plastics bottles under five litres and large plastics. It also said it will stick to the legal recycling requirement, which stands at 100,000 tonnes of plastics for 1993 and 1994.

The new measures will place severe burdens on municipal waste management companies who must collect and dispose of all the waste not taken care of by DSD. Cash-straped municipalities already face a shortage of landfill space and limited incineration possibilities. Just over 40 per cent of waste management companies in Germany are run by municipalities and are not private enterprises.

Berlin shuns visit by Le Pen

Berlin yesterday became the third European city to declare opposition to hosting a conference called by French far-right politician Jean-Marie Le Pen, Reuter reports from Berlin. A city spokesman said the city was doing all it could legally to prevent the conference from taking place in Berlin. Mr Le Pen, who failed in efforts to hold conferences in Edinburgh and Dublin, wants to hold a three-day meeting of 14 extreme right-wing members of the European parliament in Berlin, perhaps in the Reichstag, from November 8, the 55th anniversary of the Kristallnacht, the Nazis' night of mass attacks on Jews and their property.

Europe company chiefs optimistic

Chief executives of west European companies are more optimistic than their US counterparts about economic prospects on both sides of the Atlantic, according to a survey by Conference Board Europe, Reuter reports from Brussels.

The Board, part of an organisation linking companies worldwide, said yesterday that 54 per cent of European executives believed economic conditions would improve over the next four years in western Europe and 74 per cent thought the outlook would get better in the US.

US executives were less optimistic on both counts, 48 per cent seeing an improvement in western Europe and 56 per cent forecasting better conditions in the US.

Less than half US and EC executives were seriously concerned about competition from each other but a majority were worried about competitive threats from Asia over the next four years.

National budget deficits and spiralling health care costs topped both the European and American worry lists.

Slovakia gets Ecu40m from EC

Slovakia will receive Ecu40m (£30m) in aid from the EC's eastern and central European PHARE assistance programme for 1993, EC and Slovak officials said yesterday, Reuter reports from Bratislava.

The aid will be used to develop the private sector, human resources, infrastructure, development of energy efficiency and environmentally sound projects, and technical assistance programmes.

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Poland ready for deal on $12bn commercial debt

Both sides are keen to settle, writes Anthony Robinson

POLAND and its London Club commercial bank creditors meet in London today with high hopes of a breakthrough in their long-stalled negotiations over a debt reduction and rescheduling agreement.

Mr Krzysztof Krowacki, the Polish government's chief debt negotiator, believes the time is now ripe to settle with the banks over the country's $12.1bn (£8bn) debt.

He points to Poland's recently approved $660m standby loan with the International Monetary Fund, loan commitments of $3.8bn from the World Bank and a growing influx of foreign equity capital in evidence of this.

At the same, he says, "this is possibly the last time that we can explain to the Polish electorate that it is in Poland's interest to make a reasonable deal, even though it will cost Poland a lot of money."

The 300 creditor banks represented in the negotiations are also anxious to make a deal which would close a painful chapter in their relations with Poland.

The communist authorities, who borrowed $17bn in the 1970s to prop up their regime by grafting western factories on to an unreformed system, defaulted on Poland's foreign debt in March 1981.

Arrears on the official debt accumulated throughout the period of martial law from December 1981, but Warsaw resumed the servicing of its commercial bank debt in 1983.

The arrangement lasted until the fourth quarter of 1989, when the first post-communist government stopped payments. Since then the original $9bn commercial debt has swollen to $12.1bn, mainly through the addition of capitalised interest.

Both sides now want an agreement, but not at any price. Many banks remain angry about the terms agreed by the Paris Club of official creditors in April 1991. The centrepiece was a two-stage, 50 per cent reduction of the outstanding $33bn debt to governmental export credit and official lenders. The agreement, which was concluded mainly on political grounds to ease Poland's transition from communism to a market economy, includes a clause obliging Poland to seek similar terms from the commercial banks.

But the banks, painfully recovering from their exposure to Latin American, Asian and African defaulters, are refusing to be put in the Paris club straitjacket. They are seeking a deal based on the assessment of their own economic sub-committee, despatched to Poland last month, of what the country can afford to pay.

Poland's position in the heart of Europe, its commitment to market reforms, support from the IMF and World Bank, basic political stability and an educated population of nearly 40m make its prospects good, the bankers believe.

But the Polish team will argue that Poland will only be able to service its debts over 30 years if it is left with sufficient resources to finance the necessary economic growth. Even without a London Club agreement Poland is faced with a serious bunching of debt repayments around the middle of the first decade of the next century, both to the Paris Club and to the international institutions which have been the main source of fresh capital since 1989.

A further complication is that nearly 60 per cent of Poland's bank debt is denominated in D-Marks, where interest rates have remained high, in contrast to the decline in dollar interest rates in recent years.

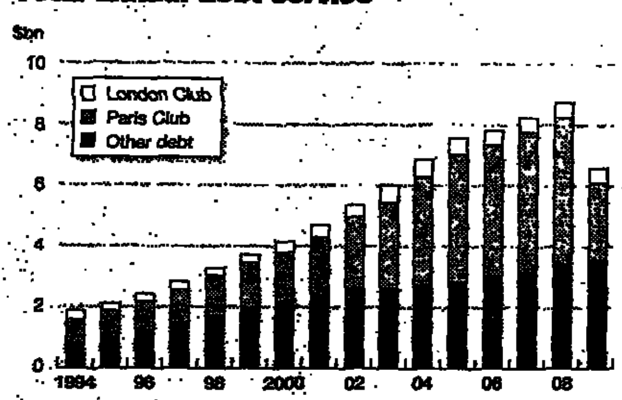
Resistance to concessions is expected to be strongest from the German banks, the biggest single creditors, who are also heavily involved in the Russian market and fear that concessions to the Poles now will be seized on by the Russians and other debtors, later.

But the British banks, with less at stake, are also reluctant to agree a Paris Club style capital write-off, or allow Poland to retire up to a third of its debt by buying it from the secondary market, as the Poles have suggested.

Over 160 smaller creditor banks have dropped out of the picture by selling their Polish debt on the secondary market where Polish paper has risen from its floor, several years ago, of around 18 per cent of face value, to around 33 per cent, in expectation of an agreement.

Some tough bargaining lies ahead. But bankers believe that up to $2bn in foreign investment is just waiting for a debt agreement. This gives an incentive for Warsaw to settle. At the same time, many western banks are anxious to move into what is expected to become a profitable, fast growing market over the next decade and beyond. With a certain degree of flexibility on both sides, the prospects for agreement on the major components of a deal before the end of the summer look promising.

Total annual debt service



Source: Polish Ministry of Finance

CHANGING TIMES: Lech Walesa spoke of 'riding the Solidarity freedom tank' in the 1989 parliamentary election

Lech Walesa launches call for solidarity without Solidarity

By Christopher Bobinski in Warsaw

MR Lech Walesa, the shipyard electrician who came to embody the struggle by the Solidarity trade union against communism and who is now Poland's president, says he wants a new kind of solidarity.

He has formed a new political grouping to challenge Poland's fractured political parties in September's general election.

In a nationwide address on Monday, the president described existing parties as weak and fractious, and warned of unstable future governments. He urged voters back a "non party bloc for supporting reform", or BBWR in its Polish acronym. "It's an attempt to recreate the Solidarity movement without Solidarity," said sociologist Mr Andrzej Rychard.

Mr Walesa, elected president in December 1990, is hoping to capitalise on voter discontent with existing parties.

The president, an intuitive politician with his roots deep in working class, catholic Poland, has been promoting his new party since parliament was dissolved at the end of May. He decided to go for new elections rather than patch up a new coalition after Ms Hanna Suchocka, prime minister for 11 months, failed by one vote to survive a no-confidence motion put by Solidarity trade union deputies pressing for public sector wage rises.

Since then politicians on the fractured nationalist right in particular have engaged in a bewildering and largely unsuccessful effort to establish a united front. A new electoral law states that only parties which gain 5 per cent of the vote, or 8 per cent as a coalition, can enter the new parliament.

The new law is intended to reduce the fragmentation of parties and stabilise future coalitions. But the nationalist and liberal conservative parties, which have played an important role in pushing for privatisation and market reforms, are also threatened by the new rules.

Opinion polls meanwhile give the BBWR 11 per cent of the vote, although the party has only just unveiled its programme and has yet to select candidates.

However, this level of support will leave President Walesa's short of his primary aim, which is to have the next parliament pass a new constitution shifting the balance of power from parliament to the president. For this he needs to control two thirds of the seats in parliament.

The BBWR is unlikely to make inroads into the countryside where the PSL, the farmers' party formerly allied with the communists, is expected to re-enter parliament with around 15 per cent of the vote.

Mrs Suchocka's Democratic Union, which remains the largest party, is accepting that picking an open fight with the BBWR in the run-up to the election is pointless since the two groups are likely to end up forming a coalition. That could mean a period of stable government but not the political re-ordering which Mr Walesa wants before he faces re-election in 1995.

Energy ventures await political support from Moscow

German businessmen look for backing from Russian premier

By Ariane Genillard in Cologne

THE GERMAN business community yesterday called on Mr Viktor Chernomyrdin, the Russian prime minister, to give top level political support to three industrial joint ventures in Russia designed to modernise the republic's energy infrastructure and bring in hard currency.

Meeting the Russian prime minister on the second day of his three-day visit to Germany, the eastern trade committee of the German industry federation, the BDI, said all three projects were ready to go ahead if financing could be assured on the Russian side.

"The Russians tell us they want more investment. Now it is up to them to deliver the necessary conditions for the investments to proceed," said Mr Victor Vogt, head of the foreign trade department at the Cologne chamber of commerce and industry.

The largest project is a joint venture between Ruhrgas, Germany's largest gas importer, and Purneftegaz, the gas producer in western Siberia. The 25-year venture plans to extract 6bn cubic metres of gas from the Siberian oil fields each year.

Ruhrgas, which has been negotiating with its Russian partners for more than a year, says the additional energy produced by the joint venture would provide Russia with a steady flow of hard currency. This could be used to repay debts incurred on the Russian side. The project requires an initial investment of $1bn.

Other projects include the installation of gas turbines at at St Petersburg power station by the German subsidiary of Asea Brown Boveri, the Swiss-Scandinavian power equipment group.

Siemens, the German energy and engineering group, is also negotiating the possibility of modernising a conventional power station in Konakova under a contract worth DM120m ($70m).

German businessmen also called on the Russian delegation to clarify the legal and financial framework for joint ventures in Russia. Top priorities include the need to define clearly who on the Russian side – the company, the regional authorities or the central government – has the real decision-making power.

Worries were also voiced concerning the DM2bn owed to German enterprises over the past two years which are not covered by state guarantees.

The German government has set its Hermes export guarantees at DM5bn and has, on a project basis, allocated up to DM4bn of guarantees this year to east German companies. But economics ministry officials say the government is unwilling to extend such credit guarantees to west German concerns.

The Russian side has repeatedly called on Bonn to include west German companies which are key participants in the energy sector.

Turkey outlaws pro-Kurds party

By John Murray Brown in Ankara

TURKEY'S constitutional court has outlawed the Kurdish-backed People's Labour party (HEP), ending the possibility of informal dialogue with the rebel Kurdish Workers party (PKK).

The court move came at the end of a week of intense consultations between the government and political parties to find a common stance on the Kurdish rebellion.

The judgment coincides with violent clashes in the Kurdish south-east where security forces are stepping up operations against PKK rebels fighting a nine-year campaign for Kurdish independence.

The 18 HEP deputies elected in 1991 formed a new party last week, pre-empting the court decision. Nonetheless, the court move also calls for the withdrawal of parliamentary immunity for Mr Fehmi Isiklar, the respected former chairman of HEP who could now face serious charges related to party activities.

The HEP is the nearest thing to an explicitly Kurdish nationalist party and is popularly seen as a PKK front – a charge some HEP deputies have not been too anxious to contest.

The ruling is likely to be exploited by Kurdish hardliners as well as politicians and those in the Turkish military who view any lifting of restrictions on Kurdish television and newspapers as concessions to terrorism.

The court move will fuel further frustration among ordinary Kurds at the failure of the government to push on with reforms in the wake of a short-lived rebel ceasefire in March.

The latest events coincide with signs of a shift in PKK tactics with the kidnap of two tourists, one British and one Australian, and an attack on a hotel in western Turkey.

Moscow to put quotas on gems and gold

By John Lloyd

THE Russian parliament yesterday approved a law on precious metals and gems which confirms the growing power of the regions by giving them joint control of gold and diamond production and sales, and bans foreigners from production.

The law passed its second reading yesterday, and is expected to win final approval today.

It shares the state monopoly of precious metals and gems with the republics and regions in which they are produced, and allows production quotas to be determined between the federal and regional authorities. It limits the extraction of precious metals and gems to companies and citizens of Russia.

Mr Igor Ivanov, the parliamentary deputy who drafted the law, said yesterday the export of gold, diamonds and other gems accounted for 15 per cent of Russia's hard currency income.

Mr Ivanov said that "in the past no one knew how much was sold to whom and for how much – apart from a narrow circle in the government".

The Committee on Precious Metals must report to parliament each year. The law has been framed so that only the regions, and not the committee itself, can engage in the extraction and production of the precious materials.

Russia's gold reserves are officially estimated at 330 tonnes.

EC delays tariff-cutting talks

By David Dodwell

EUROPEAN Community trade negotiators faced serious embarrassment – and accusations of bad faith – in Geneva yesterday as they revealed that they will not be ready to negotiate bilateral tariff-cutting deals until the last week of this month.

The EC delay is contrasted with a US decision to begin bilateral tariff negotiations immediately, aimed at paving the way to a worldwide trade liberalising agreement before the end of this year, as part of the Uruguay Round of trade reform negotiations.

Negotiators from the other 96 countries involved in multilateralising a widely acclaimed tariff-cutting agreement, reached in Tokyo last week by leading industrial countries at the Group of Seven summit, were perplexed and angered yesterday by European Community delays.

The delay is due to an apparent need to carry out a detailed audit of the trade-generating impact of the Tokyo agreement. Responsible commissioners and trade officials say they are unable to meet to complete the audit until July 22.

Their embarrassment has been made more acute by the decision by Mr Peter Sutherland, the new director-general of the General Agreement on Tariffs and Trade, to call a top-level meeting of trade negotiators on July 28 to review progress.

This will give European Community negotiators just three working days to hold bilateral discussions.

"This is certainly somewhat awkward for us," an EC official admitted. "We see the two weeks ahead as a clarification stage, rather than a negotiating stage.

"No real negotiating will be practicable in July."

Following the Tokyo breakthrough, which has raised hopes that a Uruguay Round settlement can be reached in spite of more than two years of often acrimonious delay, negotiators have been under extreme pressure to make significant headway in tabling packages of tariff cuts across manufactures and agriculture, and in opening their markets to trade in service.

Japanese prepare action on fabrics

By Robert Thomson in Tokyo

JAPANESE cotton spinners have begun to collect information for an anti-dumping action against Chinese cotton fabric exporters, creating potential embarrassment for the Japanese government, which has condemned the use of anti-dumping measures to protect markets.

The Japan Spinners' Association indicated yesterday that a formal complaint will be filed with the Tokyo government within months, as Chinese makers are selling fabrics for shirts and sheets at 30-40 per cent less than the Japanese-made product.

Japanese spinners say the cheap materials are damaging their industry, but they have not yet shown evidence that Chinese producers are doing more than take advantage of cheaper raw materials and production facilities.

In January the Japanese government imposed anti-dumping duties on Chinese exporters of ferrosilicon manganese, used by the steel industry.

Japan's imports of clothing from China rose 17.5 per cent in the first half, compared to the equivalent period of 1992, but one cause of the greater penetration is a flurry of Japanese joint ventures in China.

Far Eastern power ventures agreed

By Andrew Baxter

POWER generating equipment suppliers Toshiba and Westinghouse Electric have announced agreements to reinforce positions in the Asian market.

Westinghouse is forming a joint venture in China to modernise steam turbine generators. Toshiba has reached a technology transfer agreement with Samsung Heavy Industries of South Korea.

Pittsburgh-based Westinghouse said its 50/50 joint venture with Longyuan Power Technology Exploitation Corporation would initially focus on 150 steam turbine-generators, each rated at 200MW.

Ultimately, a base will be established to provide technology and advanced field service for more than 400 power stations in China.

Toshiba's 10-year deal with Samsung covers supercritical 500MW-class steam power plants. It calls for the Japanese company to transfer design, manufacturing and inspection technologies for the condensers, feedwater heaters and deaerators that make up the heat exchangers.

The deal is expected to reinforce Samsung's position in Korea for heavy electrical apparatus, while enhancing Toshiba's strength in a key area of power generation.

Japan hints at cut in car exports

By Michiyo Nakamoto in Tokyo and John Griffiths in London

JAPAN indicated yesterday it was likely to agree to a further reduction in its car exports to the European Community, as a result of a fall in new car sales within the EC which has proved much steeper than expected.

"We have not refused [the EC approach]; we are listening to it. We have not closed our ears," an official at the Ministry of International Trade and Industry said, following three days of discussions in Brussels which ended without formal agreement.

During the talks, the European Commission asked the Japanese delegation to reduce the 1.09m imports envisaged for this year in the "understanding" governing Japanese market access during the Community's transition to a completely open market in new cars by the end of the decade.

Japan agreed in April to reduce its exports of cars by 9.4 per cent on the basis of forecasts that the EC market would decline by 6.5 per cent to around 13m units this year.

The Commission now expects a fall of between 11 and 16 per cent. New car sales in western Europe as a whole were already down 17.2 per cent between January and June, and in its latest forecast, the European Automobile Manufacturers Association predicts that demand will be down by 15.8 per cent for the year as a whole.

Without further reductions Japan's market share will rise to "substantially" more than 13 per cent this year, compared with less than 11 per cent in 1992, the EAMA warned yesterday.

The Japanese position has been that, while Japan recognised the fall in demand in the EC car market, revising a formally agreed quota after only three months would undermine the credibility of the bilateral agreement. It was only agreed in April after months of wrangling over the extent of the expected fall in EC demand.

Japanese car exports to the Community, however, have already fallen sharply, according to Mr Robert Verrue, the chief EC delegate to the talks – down in the period from April to June by about 30 per cent.

Mr James Rosenstein, spokesman for the EAMA, also expressed optimism about the eventual outcome when the negotiations resume at the end of August.

Uruguay Round negotiators peer through the Tokyo fog

The 'breakthrough' at last week's G7 summit appears somewhat different back in Geneva, writes David Dodwell, World Trade Editor

FOR almost 18 months the fate of the Uruguay Round of global trade liberalisation has been in the hands of the US and the European Community. With the breakthrough in trade negotiations in Tokyo last week, talks have now reverted to Geneva and the General Agreement on Tariffs and Trade. At last, others among the 116 countries involved in the round now have a say.

But if Sir Leon Brittan, the EC's trade commissioner, hoped when he briefed Uruguay Round trade negotiators in Geneva early this week that the Tokyo breakthrough shifted the onus for progress on to others, then he will need to think again.

Negotiators who have been forced to sit on the sidelines in recent months are unanimous: "We are cautiously optimistic about the outcome in Tokyo. But there is ambiguity, and a total absence of detail," one said: "Until we see the detail, we cannot move any further."

Another developing country negotiator added: "The major problems have been left unsettled by Tokyo, and have been delivered back to Geneva in the same state they were in before."

This applies to disputes over the liberalisation of trade in textiles, to trade in services, to plans for liberalising maritime services, to international trade in films and television programmes, as well as many others.

Demands from developing countries, and countries like Australia, for tariff cuts on trade in non-ferrous metals and in wood, paper and pulp products, also remain unresolved.

This reality sits uncomfortably with Sir Leon's exhortations on Monday to Gatt negotiators that, following the deal reached by the "quad" countries (Japan, Canada, the US and the EC) in Tokyo, the time had come for other countries to do their bit – to improve offers made over the past year on tariff cuts.

Mr Peter Sutherland yesterday announced the appointment of his three deputies, Frances Williams reports from Geneva. They are Mr Warren Lavorel (pictured above), former US chief negotiator for the Uruguay Round, Mr Anwarul Hoda, special secretary for trade policy in the Indian Commerce Ministry, and Mr Jesús Seade, Mexico's ambassador to Gatt.

Mr Sutherland had said on Wednesday the appointments would be based "fundamentally on merit", but the need for balance between regions and between industrialised and developing countries would be heeded. One deputy has traditionally been a US national, the second an Indian. The new third post was widely expected to go to a Latin American, as part of the horse-trading over the appointment of the Irish Mr Sutherland.

The call was disingenuous at least. Many developing countries note that the US and the EC have yet to make even a first tariff-cutting offer in many areas of critical interest to them. Even Community officials now admit that the Tokyo deal was more an agreement over a formula by which to achieve a deal, rather than a specific set of tariff cuts. They say they are doing the sums now, and will have no offer to present to trading partners until July 23.

Even then, critical areas like market opening for farm products, or tariff cuts across the thousands of categories of traded textiles and garments, are unlikely to be on the table.

"While I am cautiously optimistic, I don't think much will get done before the autumn," said Mr Balkrishan Zutchi, India's veteran Gatt ambassador. This confirms comments from an EC official that the two weeks now remaining before Geneva winds down for the August holidays will provide "a clarification stage rather than a negotiating stage".

If non-quad countries are to be coaxed forward to improve market access and tariff cutting offers, then the US and the EC will need to address specifically a number of their concerns. These are:

- Farm trade: farm exporters from Cairns group countries like Australia, Argentina and Thailand are adamant that the EC in particular must make a significant market access offer. If they are to open their markets further to manufactured exports from the US or the EC, then greater opportunities to sell farm products to Europe must be made available.
- Textiles: Mr Jesús Seade, Mexico's Gatt ambassador, describes this as a "highly unstable dossier". Many developing countries – prominently India – need better export opportunities to the US and the Community if they are to bow to pressure to open their markets to services, and tighten enforcement of intellectual property protection.
- Special and differential treatment: many developing countries have been alarmed by western demands that they make marketing opening offers comparable to those made by the quad countries in Tokyo.

They emphasise that the Gatt has always asserted the right of countries to make commitments that match their financial and economic capacities.

- Tariffication without exception: this is the demand that importers remove all non-tariff barriers, and replace them with tariffs which are more transparent, and more easily reduced over time. It is a demand particularly precious to farm exporters.

It has been resisted fiercely by countries like Japan and South Korea, which block all imports of rice on food security grounds, and Canada, which has for decades maintained a supply management system in dairy products which limits imports.

- Amendments to the draft final act: this draft Uruguay Round agreement, completed in December 1991, may not be carved in stone, but most countries insist that the minimum of changes should be allowed, for fear that the entire balanced package of commitments embodied by it will crumble.

Washington caused consternation late last year by calling for extensive changes, linked with concern to protect its sovereign discretion to apply unilateral trade sanctions where it deemed them necessary.

Special bank may help Nafta win approval

By Nancy Dunne in Washington

THE CHANCES of the US Congress approving the North American Free Trade Agreement have been enhanced by growing support for a proposal to create a North American Development Bank.

A bill to establish the so-called Nadbank – to fund infrastructure and environmental projects, and to aid communities hurt by the Nafta – attracted 25 co-sponsors on Wednesday, the day of its introduction in the US House of Representatives. It was submitted by Congressman Estebán Torres, long a Nafta foe. Twenty of the 25 have been critics of the Nafta.

"Nadbank can change the dynamic of the Nafta debate. Nadbank is a vehicle to go beyond the divisive debate," said Mr Torres. He has yet to commit himself to supporting the Nafta – the free trade pact by the US, Mexico and Canada – asserting that he will first study the supplemental agreements being negotiated on the environment and labour.

Mr Mickey Kantor, US trade representative, expects the negotiations to end by July 31.

Mr Torres said he doubted the side agreements alone would gain the support needed for approval of the Nafta in the House. However, "a growing coalition of labour, environmental, Latin and community leaders" could be brought on board by "an alternative comprehensive approach to sustainable trade and development" with Nadbank as its central component.

The development bank proposal is also being considered by the Clinton administration, which on Wednesday discussed the appointment of a "Nafta Tsar" to shepherd the pact through Congress.

A new report by the US council of the Mexico-US Business Committee says the two countries will need $6.5bn (£4.33bn) over the next 10 years just to bring the water supply, wastewater treatment and solid and hazardous waste disposal at their border to internationally acceptable levels. Billions more will be needed for roads, retraining programmes and compensation for lost tariff revenues.

The bill introduced by Congressman Torres would give a Nadbank $5bn in authorised capital over the next decade, with the aim to issue loans totalling up to $20bn. The US would provide two-thirds of the paid-in capital, with Mexico and Canada investing the rest.

Mr Raúl Hinojosa Ojeda, a Californian professor and the chief proponent of the Nadbank, said the institution might be attached to the Inter-American Development Bank, but with its own directors.

No respite in sight for flooded Midwest

MORE rain threatened the US Midwest yesterday after two weeks of floods that have cost up to 25 lives and submerged some of the world's richest farmland, Reuter reports from Des Moines.

Storms again lashed the Mississippi River valley, adding to the misery of farmers and increasing pressure on earthwork and sandbag levees.

President Bill Clinton was due to meet congressional leaders yesterday to agree emergency relief.

Rain drenched southern Iowa and parts of northern Missouri and Illinois early yesterday as people struggled to hold back the vast river.

The National Weather Service said it expected no major shift in rain patterns over the next month. Officals at the Federal Emergency Management Agency said applications for loans were pouring into recently opened offices in the area.

Clinton sees loans for poor areas

PRESIDENT Bill Clinton yesterday proposed giving US community financial institutions $382m (£254.6m) in seed money over four years, to encourage lending in devastated inner cities and poor rural areas, Reuter reports from Washington.

"Millions of Americans in low- and moderate-income neighbourhoods have no bank where they can cash a cheque, borrow money to buy a home, or get a small loan to start a business or keep one going," the White House said.

Under the proposal, Mr Clinton would try to meet his 1992 campaign pledge of creating a network of 100 community development banks and financial institutions.

The $382m in seed money would stimulate private lending in many rural and urban communities starved of affordable credit, capital and basic banking services.

Also, his plan would require regulators to reduce paperwork at banks, in return for an increase in lending to low-income borrowers.

Bomb suspects plead innocent

Ten suspects accused of plotting to bomb the United Nations headquarters and other targets around New York pleaded innocent yesterday at their arraignment in a federal court, AP reports from New York.

Assistant US Attorney Andrew C. McCarthy said another indictment would be filed in the case within three weeks.

He also said the government had more than 150 hours of audio and video tapes – obtained through the Foreign Intelligence Surveillance Act – on which, so it is alleged, the defendants discuss the bomb plot.

On Wednesday, federal authorities disclosed that the government informant who helped foil the alleged bomb plot last month had infiltrated the suspected terrorist ring as early as 1991.

FRUITY WELCOME: Spanish prime minister Felipe González arrives at Salvador, in north-eastern Brazil, for the current Ibero-American summit, while his wife Carmen Romero (left) samples pineapple juice offered by a woman in traditional local dress

Red faces at World Bank as HQ costs break budget

By George Graham

THE World Bank has sent three managers on administrative leave after "loose project management" pushed the cost of its new headquarters building in Washington $83.5m over budget.

The the building was now expected to cost around $290m, compared with a 1990 budget of $206.5m, the bank said. However, an internal inquiry had concluded that most of the overrun was due to unrealistically low initial estimates.

"Cost overruns for large buildings are not uncommon, but in this case, much of the problem could have been avoided if realistic estimates had been presented at the outset," said Mr Ernest Stern, who is acting as president while Mr Lewis Preston recovers from surgery.

"This was compounded by loose management and a failure to bring problems to the attention of the bank's senior managers on a timely basis."

A bank statement said the inquiry had found that "all funds committed to the project had been spent on essential components of what remains a strictly functional building and there is no suggestion of financial impropriety of any kind".

However, Mr Sven Sandstrom, the World Bank managing director appointed to head the inquiry, found that project managers had failed to inform either senior management or board of the cost overruns. They had also spent $22m without authorisation on two buildings which are to be refurbished as part of the overall headquarters project.

A second phase inquiry will begin immediately to assess the actions of the managers and "appropriate disciplinary measures, if any".

The World Bank's construction problems are particularly embarrassing, coming as they do on the heels of the furore over the lavish London headquarters built for the European Bank for Reconstruction and Development.

Even critics of the World Bank's operating expenses, however, acknowledge that the new headquarters, whose $123 per square foot construction cost falls within central Washington norms, includes none of the expensive marble or frills of the EBRD building.

"This is home grown incompetence, not imperial arrogance," commented one person familiar with the project.

In another sense, however, the bank's failure to oversee its own project adequately is even more embarrassing, because of the institution's long experience of advising borrowers in the developing world on project management and supervision.

The preliminary budget, submitted to the board in February 1989, was set at $186m. After a design competition and negotiations with the winning architect, the budget was revised the following August to $206.5m.

The bank said yesterday it had ignored independent consultant engineers' estimates that the building would cost $250m, in the expectation that low demand in the construction sector and cost-saving measures would allow it to stick to the approved budget.

Campbell's support on the slide

SUPPORT for Canada's governing Conservative party has slipped since Ms Kim Campbell became prime minister, according to a poll by Gallup Canada, Reuter reports from Ottawa.

The Conservatives' popularity declined to 33 per cent in July after rising marginally to 36 per cent after the party's leadership convention.

Some 43 per cent of decided voters said they would support the opposition Liberals if an election were held immediately, up from 41 per cent in June. A general election must be held within four months.

Ms Campbell was elected party leader, and and therefore prime minister, last month.

Support for the opposition New Democratic party fell to 8 per cent in July, its lowest standing since July 1961.

The right-wing Reform party received support from 7 per cent of decided voters; the Bloc Quebecois, which seeks autonomy for the province of Quebec, received 8 per cent. Twenty-five per cent of the 1,010 voters polled were undecided.

Last nail put in coffin of Star Wars

By George Graham in Washington

THE US has placed a legal full stop at the end of a 10-year chapter of efforts to develop a "Star Wars" anti-missile defence system by now declaring its full adherence to the traditional, narrow interpretation of the 1972 Anti-Ballistic Missile Treaty.

The Clinton administration, by formally announcing its adherence to this interpretation, renounced efforts to develop, test or deploy sea-based, air-based, space-based or mobile land-based ABM systems.

The treaty was designed to prevent nuclear escalation by denying the US or the Soviet Union the temptation to launch a first strike in the belief that it could survive retaliation.

President Ronald Reagan's administration in the 1980s had sought to argue that the ABM treaty did not prohibit development of space-based defences, a key component of Mr Reagan's "Star Wars" strategic defence initiative.

Mr Thomas Graham, acting director of the Arms Control and Disarmament Agency, announced the position in a letter to Senator Claiborne Pell, chairman of the Senate Foreign Relations Committee, who welcomed the return to the traditional interpretation.

"This wise decision closes, on a high note, a sad chapter in US arms control treaty relationships and in the relationship between the US Senate and the executive branch," said Mr Pell. He added that strict adherence to the treaty would help persuade Ukraine to eliminate its nuclear weapons, and to ensure Russian ratification of the Start II missile reduction treaty.

The Clinton administration has already renamed the SDI programme the ballistic missile defence organisation. Funding has remained relatively high but has been shifted away from programmes designed to defend against strategic nuclear missiles, and towards tactical defences.

Election likely as Bhutto calls off protest

By Farhan Bokhari in Islamabad

PAKISTAN'S opposition parties last night called off a planned "long march" today against Prime Minister Nawaz Sharif's government, giving rise to speculation that an early election will be called.

Ms Benazir Bhutto, the opposition leader, had planned to lead tens of thousands of supporters on the march to Islamabad to try to force Mr Sharif to call the poll.

The plan for the demonstration had set the two sides on a collision course and paramilitary police were on standby in the capital.

The decision to call off the march was apparently made as part of an army-backed deal, senior aides to Ms Bhutto said. It came after she flew to Islamabad yesterday to meet General Abdul Waheed Kakar, Pakistan's chief of army staff.

The political crisis which was triggered in April when Mr Sharif's government was sacked by President Ghulam Ishaq Khan, had created a stand-off, with the two leaders backing rival factions in an intensifying political confrontation.

The opposition parties were widely believed to have gathered around Mr Khan in his tussle with Mr Sharif.

In the past few days, Gen Kakar is understood to have been involved in hectic efforts to negotiate a settlement.

Although no details of the formula were available last night, a government minister conceded that an early election was part of the deal.

However, Mr Khan's future was not clear. Mr Sharif has insisted repeatedly that an election must be preceded by Mr Khan's retirement from office on grounds that any elections held under Mr Khan would be rigged.

The most recent developments in Pakistan last night appeared to have created a new opportunity for politicians to prevent a total collapse of negotiations which could have given way to street violence involving opposite groups.

Kuwait MPs censure managers of KIO

A KUWAITI parliamentary report has taken the Kuwait Investment Office's management, both past and present, to task over actions taken since a shake-up last year following the $5bn collapse of the KIO's investments in Spain, Reuter reports from London.

The Kuwait finance and economics committee, which is scathing about former managers, criticises the new team for its handling of investments, its conduct in legal action, costs and use of advisers.

Accusing former senior officials of fraud and mismanagement, it calls for a wider probe into management still in place in Britain, Spain and "up the scale of responsibility".

The KIO's Spanish arm, Grupo Torras, went into receivership in December, eight months after Mr Ali Rashaid Al Badr took over as president.

The KIO is now pursuing the unit's former president, Sheikh Fahad Al Sabah, general manager Mr Fouad Jaffar, Spanish agent Mr Javier de la Rosa and other former officials, seeking $1bn in criminal damages in Madrid and $510m in civil damages in London.

Allegations of secret political payments for support after the 1990 Iraqi invasion emerged in the report into $300m of Torras funds not yet traced. Kuwait finance minister Mr Nasser Abdulla Al-Rodhan has denied the allegations.

Former managers say they have been singled out, for political reasons, in a power struggle in Kuwait, which Kuwaiti sources say is aimed mainly at Mr Al-Rodhan's predecessor, Sheikh Ali Khalifa Al-Sabah, a senior member of the royal family close to the Emir.

On Friday a Madrid court threw out the Spanish case for the third time and the British trial could take up to five years, costing up to £60m ($90m), sources close to the KIO say.

The report asks why claims against all Torras directors, including those still on the board, are not being made and says foreign investments should be taken away from the KIO in London.

Japanese slowdown fuels trade surplus

By Robert Thomson in Tokyo

JAPAN'S trade surplus for the first half of the year rose 17.6 per cent to $57.3bn (£38.7bn) from a year earlier, as the yen's appreciation pushed export prices higher and the domestic economic slowdown blunted import demand.

There are signs the yen's rapid appreciation has begun to influence trade patterns.

The volume of exports rose only 1.2 per cent in June, although the value of the trade surplus for the month rose 11.3 per cent compared with last year, to $9.97bn.

The politically sensitive bilateral surplus with the US is still rising.

For the first half, exports to the US were 10.6 per cent higher at $49.5bn, while imports rose 5.9 per cent to $27.9bn. Japanese motorcycle exports to the US increased 36 per cent, and semiconductor exports were 28 per cent higher, reflecting growth in demand from the US computer industry.

Exports to the US in June rose 10.5 per cent to $8.4bn, while imports were 13.1 per cent higher at $5.0bn.

During the first half, Japan's exports to the EC fell 8 per cent, while imports slipped 5.1 per cent. There was a 51.2 per cent increase in exports to China during the period; China is now Japan's second largest trading partner, surpassing South Korea and Taiwan.

Exports during June rose 8.4 per cent to $28.1bn, while imports during the month were 7 per cent higher at $19.2bn. The seasonally adjusted surplus for the month was $8.69bn, down from $10.09bn in May.

Electric machinery exports rose 14.5 per cent during June and ordinary machinery by 11.1 per cent. Imports of foodstuffs climbed by 9.2 per cent and those of materials by 12.6 per cent. Machinery imports rose 11.8 per cent.

Japan's reliance on Asian markets is continuing to grow. Mr Kenneth Courtis, senior economist at Deutsche Bank Capital Markets Asia, said the Asian share of Japan's exports rose from 22 per cent in 1985 to 40 per cent this year and is likely to be close to 45 per cent by 1995.

Trade with South Korea, Hong Kong, Taiwan and Singapore during the half totalled $51.6bn, while that with the EC was $44.3bn. Exports and imports to the UK were down 4.4 and 2.7 per cent respectively.

Fluctuations in Japan's trade with most of its partners are dwarfed by those with an overheated China.

Exports of cars to China rose six times during the half, television camera exports increased more than fourfold, steel exports doubled, as did those of communications equipment, motorcycles, and construction materials.

Store sales highlight declining consumption

By Robert Thomson

DEPARTMENT store sales in Tokyo fell by a record 13.4 per cent in June, against a year earlier, highlighting the continuing decline in personal consumption that is dragging down the Japanese economy.

The fall was the largest since the Japan Department Stores' Association began compiling monthly figures.

It partly reflected cost-cutting at Japanese companies, which traditionally buy presents for clients at this time of year.

Clothing sales were down 11.6 per cent, while household goods slipped by 14.7 per cent, personal accessories by 9.4 per cent, and food by 8.1 per cent.

The decline in personal spending has prompted calls from business leaders for a cut in official interest rates or income tax.

Japanese companies are still under pressure. Corporate bankruptcies rose 3.7 per cent in the first half, with bankruptcies linked to the economic downturn rising 40 per cent during the period, according to Teikoku Data Bank, a credit research agency.

Failures linked to speculative excess during the late 1980s are in decline, which is one reason for an 11.1 per cent fall in the amount of liabilities left by bankrupt companies.

In June the number of failures fell 2.6 per cent to 1,140, while liabilities rose 23.8 per cent.

Wholesale prices in June were 0.5 per cent lower than in the previous month, with import prices down 2.4 per cent.

The Bank of Japan said this was a direct result of the yen's appreciation in recent months.

The wholesale price index was 3.2 per cent lower, compared to a year earlier. The export price index fell 10.6 per cent and the import price index was down 10.5 per cent.

Polls say 43% of voters undecided

THE most striking characteristic of Japanese public opinion polls is an unusually high percentage of respondents who either "don't know" or "cannot say", a pattern repeated in the final flurry of pre-election polls conducted by Japanese newspapers, Robert Thomson reports from Tokyo.

By the reckoning of one newspaper, the Asahi Shimbun, 43 per cent of voters are still undecided, creating great potential for deviation from the generally consistent findings that the ruling Liberal Democratic party will take 220 to 230 of the 511 seats and that the Social Democratic party, the largest opposition party, will be decimated.

It appears from opinion poll results that two of the relatively new parties, the Japan Renewal party, formed by Mr Tsutomu Hata, the former finance minister, and the Japan New Party of Mr Morihiro Hosokawa, a former provincial governor, have the longer-term potential to provide competition to the LDP.

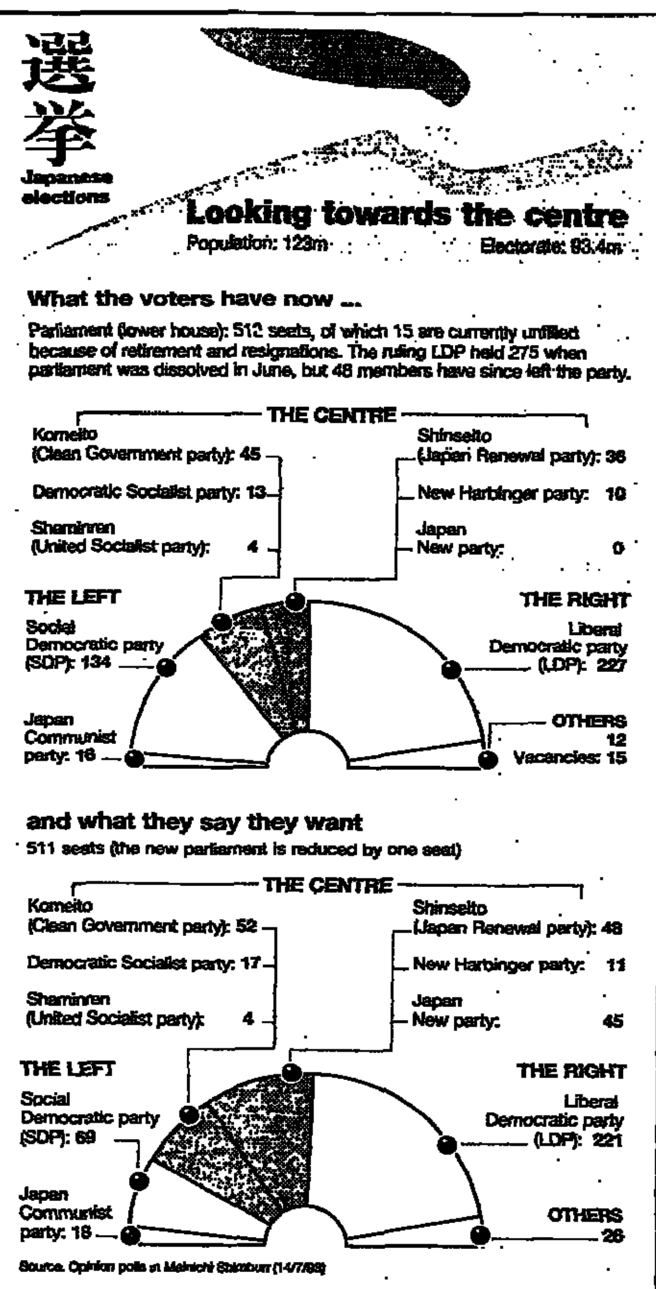
However, this time round, both parties, particularly the JNP, are stealing opinion poll percentage from the SDP, which has traditionally received the protest vote from disgruntled Japanese.

One point of discussion among Japanese political analysts is whether the SDP does better than predicted by the polls, as its forecast fall from the present 134 seats to as few as 60 seats, may prompt some sympathetic voters to come to its rescue on Sunday.

The greatest obstacle faced by the new parties has not been convincing voters that they are an alternative, at least to the SDP if not the LDP, but in mustering enough candidates for the election.

The JNP has only 57, the JRP 69, and the New Party Harbinger, another LDP splinter group, a mere 16.

Rising reformers, Page 13



Hata: favoured as PM

Who should be the next prime minister ?

	% of all respondents
Tsutomu Hata (JRP)	20.6
Toshiki Kaifu (LDP)	16.4
Ryutaro Hashimoto (LDP)	10.5
Morihiro Hosokawa (JNP)	6.3
Masaharu Gotoda (LDP)	5.4
Michio Watanabe (LDP)	3.0
Kiichi Miyazawa (LDP)	2.5
Sadao Yamahana (SDP)	2.1
Masayoshi Takemura (NHP)	1.5
Hiroshi Mitsuzuka (LDP)	0.5
Other	4.6
Don't know	26.7

Source: Opinion polls in Nikkei Shimbun

UN holds out hope for Iraqi weapons backdown

By Mark Nicholson in Amman

A SENIOR United Nations diplomat, holding out the prospect of lifting crippling economic sanctions against Iraq if it accepts long-term monitoring of its weapons programmes, arrived in Baghdad yesterday for talks with Iraqi officials.

Mr Rolf Ekeus, head of the UN special commission into Iraq's weapons of mass destruction, is expected to spend four days in Baghdad trying to resolve the stand-off between UN weapons inspectors and Iraqi officials over the installation of monitoring cameras at two missile test sites.

Two teams of UN inspectors have failed to persuade Iraq to mount cameras at the site, or seal monitoring equipment there as an interim measure.

Failure to defuse the crisis would reopen the possibility of a UN-backed military strike against the sites – a threat which has been raised particularly by the US administration over the past week.

But Mr Ekeus' visit comes amid signs that Iraq is increasingly anxious to win whatever easing it can of economic sanctions which have prevented Iraqi export sales, particularly of oil, for almost four years.

Mr Ekeus and fellow diplomats at the UN believe Iraq's pressing economic needs could force authorities in Baghdad to back down in the present confrontation.

"The major carrot [for Iraqi compliance] is the ongoing sanctions and the oil embargo," Mr Ekeus said before arriving in Baghdad.

Parallel talks in New York between Iraqi Oil Ministry officials and UN legal experts on a special six-month sale of oil worth $1.6bn (£1.06bn) were suspended on Wednesday as Iraqi officials considered a possible draft agreement on the sale.

Confidentiality surrounding the market-sensitive talks have made it difficult to assess their success, but UN diplomats said yesterday there were indications an agreement might be close.

About 60 per cent of the revenues from the oil sale, which would add about 500,000 barrels of crude a day to the market, would be set aside for food and medicines in Iraq, to be distributed and monitored by the UN.

The remainder would go towards paying for UN activities in Iraq.

But the scale of Iraq's economic problems was underlined by a UN Food and Agriculture Organisation report, pointedly quoted in the official Observer newspaper in Iraq, which warned of a "grave human tragedy" unless food supplies were augmented. The report said Iraq needed to import 5.4m tonnes of food before July next year at an estimated cost of $2.5bn.

Mr Ekeus emphasised before leaving for Iraq that he would also be discussing more broadly the principle of long-term monitoring of Iraq's weapons programmes, called for under UN Resolution 715.

"We will try to address some more important issues this time that I hope should clarify some points which are creating problems for us," he said later in Baghdad.

His first meeting last night was to be with Mr Mohammed Saeed al-Sahaf, Iraq's foreign minister.

Deborah Hargreaves adds: Oil prices dropped to a three-year low in London and New York as traders fear the resumption of even limited Iraqi oil exports could add to the surplus on world markets, leading to a collapse in prices.

The price for North Sea Brent crude oil in London slipped another 30 cents yesterday to $16.45 a barrel.

Oil prices, Page 30

A son of Tokyo appeals to voters' sympathy

Family reputation may not be enough to save Ishihara junior, writes Michiyo Nakamoto

選挙
Japanese Elections

NOBUTERU Ishihara, a young candidate from the Liberal Democratic party, is appealing to to voters' compassion rather than convictions in the last days of his campaign to allow him to remain a member of the House of Representatives.

At 36 – he is the youngest running on the LDP ticket in Tokyo – Mr Ishihara has more going for him than most of his rivals when it comes to appealing to the hearts of the electorate. Yet he is struggling.

He is the son of a famous and popular politician, Mr Shintaro Ishihara, a former transport minister. Mr Ishihara senior shocked the world but enthused Japanese with his outspoken views in *A Japan That Can Say No*, a book co-authored with Mr Akio Morita, the founder-chairman of Sony.

Just as important in winning the sympathy vote, perhaps, is the memory of his late uncle, Mr Yujiro Ishihara, a legendary actor whose movies still regularly draw the crowds.

As the general election on Sunday draws near, Mr Ishihara, who is battling for political survival in one of the country's most hotly-contested constituencies, is making a final plea to voters to let him keep his seat.

"There are only three days left, and I need your help," he called out to the small but enthusiastic audience that has gathered in front of Eifuku-cho station, a residential district in western Tokyo.

Ishihara (left) in trouble, as his father, Shintaro Ishihara (right) and Ryutaro Hashimoto, former finance minister, meet supporters

His desperation is palpable. Although he was elected 3½ years ago with the highest number of votes in the district, the polls say Mr Ishihara is running sixth out of 12 candidates competing for five seats. Among those ahead of him are an older LDP candidate who has a popular following, a candidate in the Komeito who has the support of Soka Gakkai, a religious order, and a 35-year-old member of the Japan New Party.

His actor uncle passed away seven years ago, but Mr Ishihara was able to enlist the support of his aunt, Yujiro's wife Mie Takahara, herself once a famous actress.

"My husband loved Nobuteru as if he were his own son," Ms Takahara reminisced through the microphone as elderly women nodded in approval. "Nobuteru's mother calls me every day and asks me to support him because he is in trouble. Please call your friends, anyone you meet on the street. We need your help," she pleaded.

That Mr Ishihara is having to rely on such emotional appeals is a sign of his plight in spite of a record which shows that he is just the kind of new conservative many voters are looking for.

With a 10-year career as a television journalist, and an ostensibly faultless track record as a member of the Diet, Mr Ishihara speaks the voice of the politically informed, urban middle class.

His views on political and tax reform, his calls for the need to deregulate Japan's markets and to debate openly the liberalisation of the rice market strike a markedly different chord from the traditional rhetoric of LDP diehards who have either opposed any change or shied away from facing those issues and clung to power on a cosy votes-for-favours arrangement with their constituencies in rural Japan.

On political reform, the issue highest on voters minds, he reminds his audience that the aim of reform is to do away with money politics and not just to revise the electoral system.

"Everyone talks about political reform but what do they mean? Politics should not be based on a mood," Mr Ishihara says, suggesting that his rival candidates from the new parties are merely riding on a wave of enthusiasm for political reform.

He accuses them of having no political ideology to support their claims of being the country's best chance to reform a political system that breeds corruption.

Neither is Mr Ishihara shy to criticise the LDP, the party to which he has chosen to belong. "The LDP may be bad. Mr [Kiichi] Miyazawa [the prime minister] may be a liar, but now is the time to reform politics from within," he says.

Mr Ishihara's outspoken views on the need to reduce the tax burden on those who work the hardest and pay the most, his call for a change in policies to enable a lifestyle that reflects the economic status of Japan, and his flexible view on rice liberalisation should be attractive to the people of Suginami, Nakano and Shibuya, the three wards which comprise the constituency.

The district has a relatively young population, with about 20 per cent of residents in their 20s, and is known to be one of the more politically aware constituencies in the country.

Many residents are salaried workers, living in rented accommodation.

So in theory, Mr Ishihara's calls for tax reform and for market deregulation to bring down Tokyo's prices – the highest in the world – should win the minds, of many.

"Unlike most politicians he has been willing to spell out what his policies are and that is rare. I hope he wins," said a young housewife listening to Mr Ishihara.

The difficulty Mr Ishihara faces is that the constituency is also known for being fickle in its political choices. The young population means that voter turnover is relatively high and the district tends to vote in line with the prevailing trend of the day.

In the elections for the Tokyo metropolitan assembly earlier this month, for example, Suginami ward alone voted in two candidates from the increasingly popular Japan New party.

In the last general election, when the popularity of the Social Democratic party was riding high as voters turned against the LDP in anger over the introduction of a consumption tax, the district sent two SDP members to the Lower House.

Mr Ishihara is counting on this to reverse his fortunes. But his decision to stay in the LDP, on the grounds that reform is now possible from within and that to splinter off as some former LDP members have done is irresponsible, is his biggest gamble.

US lodges protest over Indian factory attack

By Shiraz Sidhva in New Delhi

THE US embassy in New Delhi has asked the Karnataka state government to take "swift and expedient action" against farmers who attacked the Cargill Seeds factory in the state on Monday.

Embassy officials believe the attack against the US multinational, the second this year, could have ominous consequences for foreign investment in India.

The American Business Council, to which all the leading US companies in India belong, has also expressed "great concern" about the security of foreign investors in India.

Mr Veerappa Moily, the Karnataka chief minister, has condemned the attack. The farmers fear multinationals may try to patent traditional seeds and enforce the patents under the rules of the General Agreement on Tariffs and Trade.

Mr Moily said his state's industrial liberalisation policy had been welcomed by investors and would create 20m jobs in the next seven years.

Top US team to press Hanoi over MIAs

By Iain Simpson in Hanoi and George Graham in Washington

MR Winston Lord, US assistant secretary of state, arrived in Hanoi yesterday to press for greater co-operation from the government on American servicemen unaccounted for since the Vietnam war.

The delegation, the most senior from the US since the war, was dispatched by President Bill Clinton after he decided earlier this month to stop blocking Hanoi's access to loans from the International Monetary Fund and other multilateral financing institutions. He demanded more progress on the "missing-in-action" (MIA) issue before he could end a US trade embargo.

In Washington it emerged that Vietnam could start borrowing from the IMF as early as October, after a review by the fund's board this week. Hanoi has been ineligible for IMF loans since 1985 after falling into arrears on debt.

The IMF said the board meeting produced "an international consensus that would allow full-fledged co-operation between Vietnam and the IMF to develop".

Vietnam's programme of macroeconomic and structural adjustment had made considerable progress, an IMF spokesperson said, and Mr Michel Camdessus, the fund's managing director, had expressed "deep satisfaction" at the prospects of renewed co-operation.

The next step is for Vietnam to clear arrears of about SDR100m (£92.9m) with the help of a support group led by France and Japan. The IMF could then restore its eligibility for loans and negotiate an economic adjustment programme. The first drawing of up to SDR120m on a standby facility could be made soon after the IMF's annual meeting at the end of September.

Once the IMF and the multilateral development banks have resumed lending, pressure from US companies to be allowed to trade and invest is expected to grow. Mr Clinton must decide by September 14 whether to renew the trade embargo for another year.

However, Mr David Givans, of Disabled American Veterans, one of four veterans' groups represented in Mr Lord's delegation, said Mr Clinton had made clear that his decision on IMF lending "was not a precursor to any other economic outcome [and] that this trip would in fact decide how the US proceeds from here on in".

The Vietnamese government says it is doing all it can to help account for missing Americans and has opened archives, allowed investigators access to closed areas and hosted numerous American visitors. It says it has returned all 591 Americans it was holding in 1973 when US forces withdrew.

Mr Allen Kent, of Veterans of Foreign Wars, said the veterans wanted to obtain a guarantee from Hanoi that it would give full co-operation and assistance to US investigators tracing the 2,253 Americans officially missing in Vietnam, Laos and Cambodia.

● Employee productivity up sharply ● Average earnings growth at 26-year low ● Unemployment falls

Hopes rise for non-inflationary growth in Britain

By Peter Marsh, Economics Correspondent

A SHARP rise in UK manufacturing productivity, a squeeze on earnings throughout the economy and the fifth successive monthly fall in unemployment yesterday boosted hopes that Britain has a substantial platform for non-inflationary growth.

Production per manufacturing employee was 10.5 per cent higher in May than 12 months previously, the biggest year-on-year rise for more than 13 years, suggesting that this sector is leading the recovery.

While average earnings across the economy rose 3.75 per cent in the 12 months to May, the lowest year-on-year rise for 26 years, optimism about an upturn *was further* buoyed by a further decline in unemployment.

The number of people without jobs and claiming benefit *fell a seasonally-adjusted 7,600* last month to 2.91m, the lowest level for eight months. The unadjusted number dropped 51,600 to 2.865m.

The economic indicators were hailed by Mr John Major, the prime minister, as "very good news indeed". He told the House of Commons: "It is entirely clear that we are coming out of recession and into recovery, and equally clear that we are leading Europe into recovery."

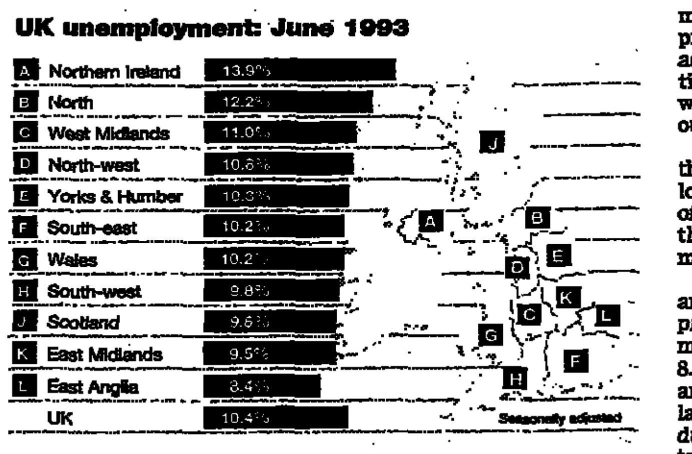
Opposition politicians voiced disappointment that the fall in unemployment was no greater, pointing to the more substantial declines of more than 25,000 in both February and March.

Mr Alex Carlile, Liberal Democrat employment spokesman, said the June reduction *would "make little impression"* on unemployment of nearly 3m.

Since numbers out of work started to drop in January, the *total has shrunk by 83,100. In* June, most regions of the country saw a fall in unemployment, with the south west, the *west Midlands and Yorkshire* and Humberside registering significant net flows of people into jobs.

South-east England excluding London has been the greatest beneficiary of the fall in unemployment since January, supporting indications that this region has been one of the first to see signs of a recovery. Unemployment in the south east outside London dropped 4.6 per cent in the five months to June, well above the overall fall for the UK of 2.8 per cent.

The next biggest fall was in south-west England, where the figure fell 4.3 per cent. Last month was the fifth in succession to record a fall in numbers out of work and claiming benefit.



Meanwhile, In further indica*tions that employers are* starting to step up recruitment efforts in the wake of lower interest rates and the devalua*tion of the pound last autumn*, new vacancies notified to government Jobcentres rose a seasonally adjusted 183,900 in June, the highest monthly rise *for 2¼ years. This may be a* sign that employers are trying harder to recruit people.

Overtime working in facto*ries was at its highest point in* May for nearly 12 months. An average of 9.75m hours per week of overtime were worked in May, an increase of 1.45m *hours on April* – a sign that manufacturers are expanding production to try to take advantage of greater competitiveness and a sharp fall in wage costs per unit of factory output.

In the three months to May, these costs were 3.6 per cent lower than in the same period *of 1992, the biggest fall since* the Department of Employment started records in 1970.

Due to low wage increases and substantial rises in output, *production per employee in* manufacturing increased 8.7 per cent between March and May on the same period last year. The employee pro*duction figure was last* bettered at the end of 1986.

The year-on-year rise in the index of earnings for all economic sectors has come down *substantially* from 7 per cent in April last year. The figures are seasonally adjusted and also take out erratic influences such as delays in the payment of wages.

In November the rise in the index was 5 per cent, while in April it was 4 per cent.

Average earnings have fallen *particularly sharply* in service industries, for which the year-on-year increase was 3 per cent in May, after a revised 3.25 per cent the previous month. In *manufacturing* the equivalent figure was 5 per cent in both months.

In June last year, average earnings in both sectors rose 6.25 per cent compared with the equivalent month a year previously.

Following the announcements of the latest employment and productivity statistics, the pound lost 1¼ pfennig against the D-Mark to close in London at DM2.565 while it fell nearly 1¼ cents against the dollar to close at $1.488. The FT-SE 100 index of leading shares closed 0.6 lower at 2,831.7.

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Chevron to cut N Sea exploration spending

By David Lascelles, Resources Editor

CHEVRON, one of the leading US operators in the North Sea, will cut its exploration budget *by 30 per cent over the rest of* this year because of the effects of proposed changes to petroleum revenue tax.

Mr Charles Smith, managing director of Chevron UK, yesterday said the company's annual budget for North Sea exploration was between £50m and £100m. "We'll have to *slow it down to meet our cash-flow targets,"* he said.

The changes to the tax, proposed in the March budget, give oil companies greater *incentives to invest in existing* fields, but they reduce tax allowances for exploration.

Mr Smith said the changes had "shaken foreign company boards because they counter the picture of the UK as a stable, tax-responsive environment". He blamed the Treasury for making significant changes all at once when they could have been phased in over a long period.

He estimated that more than 10 per cent of oil that might have been recovered from North Sea fields would now be left where it was.

Chevron also said yesterday it would shortly be entering final negotiations to sell gas from its new Britannia field, the largest of its kind in the North Sea. The likely purchasers are British Gas or Wintershall of Germany. Delivery will start in October 1997.

Minister unveils policy to sweep away secrecy

By Alison Smith

MOVES to sweep away of some of the secrecy of government came a step closer yesterday *when Mr William Waldegrave*, the public services minister, announced plans to increase public access to information, backed up by code of practice.

Unveiling a policy document which outlines proposals designed to bring greater openness into government and other parts of the public sector, *Mr Waldegrave said that, in* future, public access to information would be restricted only where there were good reasons.

In spite of continuing pressure from opposition MPs and campaigners, he was unapologetic that he had not taken the route of a full-blown freedom of information act.

He insisted his proposals were practical steps which met the main aims of freedom of information legislation. They also maintained parliamentary accountability rather than handing the issue to courts.

"These proposals lay down a sure and lasting foundation for more open public administration and government," he said.

Among the key proposals is a code of practice which would require Whitehall departments to comply with reasonable requests for information. This could be extended to other organisations such as the national health service and local authorities.

The code would be policed by *the parliamentary ombudsman*, who would be able to take up complaints that departments had acted unreasonably in withholding information.

The ombudsman would be given extra resources to add to his annual £4m budget and 90 staff to enable him to tackle his new workload promptly.

There will also be a statutory right to personal information and a right of access to health and safety information. There is unlikely to be time for gov*ernment legislation in the com*ing session of parliament. However, ministers will look at the possibility of getting a backbench MP to sponsor the measures in the limited time available for this type of bill.

Maintaining the momentum behind the plans over the coming months will be a critical test of Mr Waldegrave's ability to maintain pressure on Whitehall through Mr John Major's commitment to open government. Some departments, said to include the Treasury and the department of health, have resisted aspects of the plans.

Tory MPs welcomed the plans as going beyond their expectations, but opposition MPs were more guarded.

Ms Majorie Mowlam, the opposition Labour party's public services spokesperson, condemned the policy document as fundamentally flawed because it left ministers to decide what information should be made available.

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Major guarded on Maastricht vote

By David Owen

MR JOHN MAJOR yesterday *refused to say whether the gov*ernment would consider itself bound by next week's crucial House of Commons vote on the social chapter of the *Maastricht treaty*.

Challenged repeatedly to clarify government thinking by Mr John Smith, the opposition Labour leader, the prime min*ister said only that he expected* the government to win next week's vote and to ratify the treaty.

Mr Smith warned it would be *a "monstrous violation" of MPs'* rights for the government to defy "the will of the House of Commons". Such a move would "in one fell swoop undermine our parliamentary *democracy,"* the Labour leader said.

The exchanges came as the government unveiled an exceptionally anodyne motion for next week's debate.

An alliance of opposition parties and Tory Euro-sceptics has forced the government to accept a provision in the bill *implementing the treaty* requiring a Commons debate on the social protocol.

The government motion, which avoided expressing sup*port for Britain's social chapter* opt-out, simply noted the government's policy on the adoption of the social policy protocol. The bill can only come into force after MPs and peers have come to a resolution on the wisdom or otherwise of the opt-outs.

But in an atmosphere of mounting intrigue at Westminster, both Euro-sceptics and social chapter supporters were last night claiming the government could face a potentially devastating stalemate on Maastricht if its motion falls.

If that happened, MPs would almost certainly hold an immediate debate on confidence in the government, which even *opposition MPs concede* the government would win.

A stalemate would arise if Tory Euro-sceptics joined forces with opposition parties to defeat the government. The House would not then have come to a resolution and so the bill could not come into force.

In such circumstances, they say, parliament's in-house legal specialists have informed them the treaty could not be ratified.

Government business managers were last night signalling privately that they would be quite prepared to force parliament to continue sitting into the summer recess, or to reconvene early in the autumn, until such a logjam was broken by formulating a new motion supported by a majority of MPs.

Carsberg urges action over bank disclosures

By John Gapper, Banking Correspondent

SIR BRYAN Carsberg, the Director General of Fair Trading, yesterday accused banks of breaking their own code of practice by evading requirements to gain customers' consent before disclosing account information internally.

Sir Bryan said a review of alterations to the code, due next March, should recommend "appropriately strong action" to prevent banks from interpreting the code requirements differently.

Banks have been keen to gain customer consent to disclose account details to subsidiaries, such as insurance sales arms, because they are trying *to increase "cross-selling"* of other financial services to existing customers.

Sir Bryan listed different attitudes to the requirement that banks should not disclose customer information except in cases including "where the disclosure is made at the request, or with the consent, of the customer".

These included a bank that requires express consent (thought to be Lloyds), and a bank that relies on "negative consent" (thought to be a reference to Midland's requirement that customers not wanting disclosure should tick a box).

Finally, Sir Bryan said there was a bank that has made its life insurance sales force employees of the bank "thereby giving them free access to customers' accounts". This is thought to be a reference to National Westminster.

In his submission to the review committee, Sir Bryan also called for banks to be required to give "best advice" on the choice of mortgages. This would mean giving impartial advice between endowment and repayment mortgages.

The Office of Fair Trading is thought to be concerned that the voluntary code of banking practice, introduced in March 1992, does not cover the growing range of financial services.

US golfer John Daly chips out of the rough on the rain-hit first day of the British Open at Royal St George's, Kent. Daly, who has attracted spectators with drives exceeding 400 yards, finished one over par on 71, five shots behind joint leaders Mark Calcavecchia, Greg Norman and Peter Senior

MPs condemn use of force to impose Bosnian peace

By Roger Matthews

MOVES to impose an internationally agreed peace plan on Bosnia using military force were yesterday criticised as *impractical* by a committee of MPs.

The House of Commons foreign affairs committee said calls for military deployment to enforce a disputed peace plan had been misconceived, adding that UN troops equipped for humanitarian or peace-keeping purposes could not be transformed into a fighting force simply passing a new Security Council resolution.

Publishing its report on the expanding role of the United Nations, the committee said: "We fear that attempting to impose a plan...could make things worse, not better for the civilian population, as well as having serious consequences for for the safety of UN personnel."

Referring to UN peacekeeping in countries such as Bosnia, Cambodia and Somalia, the committee recommended that requests for intervention should be examined far more rigorously.

The committee complained that some UN decisions to intervene militarily had not been taken according to a clear set of guiding principles, but in response to sudden emergencies. It also stressed that there had always to be a clear distinction between peace-keeping and enforcement, and warned that there were grave difficulties in trying to combine the two functions in a single location.

The approach to the imposition of UN sanctions also needed to be changed, the committee said. Limited sanctions had not proved effective. In order needed to make them a much more effective *weapon* they had to be accompanied from the outset by a land, sea and air blockade, together with a sophisticated range of controls over commercial, *financial* and trading mechanisms.

Government 'seeks EC aid for south'

By Chris Tighe

THE BRITISH government is *seeking European Community* aid for parts of southern England affected by defence industry cuts in a last-minute addition to its application for "*assisted area schemes*", a leading Labour member of the European parliament claimed yesterday.

Some areas of the Nottinghamshire and South Yorkshire coalfield have also been proposed as areas deserving aid following European Commission objections last week to 15 areas the British government wanted *to include, said Mr* Wayne David, MEP for South Wales.

Mr David claimed parts of London and the south, includ*ing Great Yarmouth, Southend* and Dover were among the areas nominated by Britain for assistance, and were the subject of talks in Brussels last week between Mr Tim Sainsbury, trade minister and Mr Karel Van Miert, EC competition commissioner.

Mr David, also vice chairman of the European Parliament's *regional* policy committee, said Mr Van Miert had told him 15 areas nominated for assistance were unacceptable because the British government could not *make a sufficiently strong* argument for their inclusion.

Mr David, who did not know the identity of the contested areas, said yesterday he understood the government had since "whittled down" the 15 to about six and added others.

The long awaited map of assisted areas, which can involve substantial grant aid for local businesses, is now expected to be made public by the government next week. Currently it covers 35 per cent of Britain's working popula*tion: the* new map may cover less.

It has been the subject of intensive lobbying with non-assisted areas of southern England, *hard-hit* by the recession, arguing they should now qualify.

Britain in brief

Government caterers face fraud claims

The Treasury's catering arm – which supplies about 175 government canteens and restaurants – has been criticised for irregularities ranging from mismanagement to fraud in a House of Commons report.

The breakdown of control and management of Forward Civil Service Catering (Forward) – which is part of the Treasury and operates on commercial lines – is estimated to have cost the taxpayer between £500,000 and £1m. MPs on the influential all-party public accounts committee yesterday declared the case "a serious failure in the proper conduct of public business in what is – or should have been – a straightforward trading operation".

Merged ferry service rejected

Britain's two biggest ferry operators, P&O European Ferries and Stena Sealink, have been refused permission to merge their cross-Channel services to fight competition from the Channel tunnel.

The two had asked the government to let them merge their Dover-Calais car ferry services into a single, high-frequency operation in readiness for the expected opening of the rail tunnel next summer.

Mr Tim Sainsbury, the junior trade minister, made it clear the government would not contemplate a merger before the tunnel opened because it may cut competition.

Frosty reaction to Smith plans

***Leading trade unions** gave a* **frosty reception to the deal Mr John Smith, the opposition Labour leader, has struck on reforming the party's union links, highlighting the difficulties he still faces in order to avoid defeat at September's party conference.**

Although Mr Bill Morris, general secretary of the TGWU union, and Mr John Edmonds, leader of the GMB union, were careful not to re-fuel their confrontation with the Labour leader, it was clear that they are unhappy with a deal reached on Wednesday.

Mr Smith has expressed *delight at proposals drawn up* by Labour's internal union links committee on reforming leadership elections, the selection of parliamentary candi*dates, and on the "block vote"* at Labour conferences.

Trial date for Gooda Names

A trial date of April 26 has been set for the legal action by some 3,000 Gooda Walker Names. It brings the case to court up to a year earlier than had been expected.

The Names – the individuals whose assets support the Lloyd's market – allege negligent underwriting and are seeking more than £500m in damages from 67 Lloyd's agencies. The case, expected to last 12 weeks, will involve presentations by a number of expert witnesses, including Mr Ulrich von Eichen, a former executive of Munich Re, the German reinsurance company.

Open courses for Europe

The Open University is to run courses for students throughout continental Europe from its regional centre in Newcastle. The OU said it expected the number of students studying overseas for degrees taught in English to increase from the current 2,000 to 10,000 by 1996.

New code for journalists

Restrictions on journalists' use of bugging and long-distance cameras have been included for the first time in a newly-ratified press code of practice.

While the code forbids publication of material obtained by using bugs or intercepting private telephone calls and photographs taken without consent on private property, it says a newspaper could justify publication in the "public interest". The code has been extended and tightened up by the industry's self-regulating body, the Press Complaints Commission, amid threats of statutory privacy legislation.

THE PROPERTY MARKET

"We hope the major institutional investors will soon take the view that a well-balanced portfolio should include residential property."
Sir George Young, minister for housing, speaking at a seminar organised by the Royal Institution of Chartered Surveyors last week.

Vanessa Houlder reports on the new-found interest in the UK private rented sector

Reversing trends

As matters stand, Sir George Young's ambition is a lost cause. Decades of restrictive legislation, poor returns and the tarnished image of landlords have made British investment institutions profoundly averse to the residential sector.

Despite this, the government is taking the need to revive the private rented sector increasingly seriously. It is considering the introduction of new incentives, which could turn the tide in favour of the private rented sector.

In May, Mr John Major, the prime minister, said: "There is clearly a need for a larger private rented sector in Britain. We have released some of the old shackles on landlords. But we may need to go further if the sector is to show any significant growth."

This new-found interest in the private rented sector stems from a change of heart in government and among prospective buyers in general over the merits of ownership. After a decade when home ownership was seen as an unalloyed blessing, the recession has exposed its shortcomings. Repossessions, mortgage arrears and the problems of so-called negative equity (when the value of the property falls below the mortgage secured on it) have convinced many people that the advantages of owner-occupation were greatly exaggerated.

At the same time, economists are concerned that labour mobility is impeded by excessive owner-occupation, which inflicts heavy costs on people relocating.

The huge increase in owner-occupation in the 1980s also included for the first time a large proportion in their early 20s, many of whom found the combination of easy credit and the house-owning culture of Thatcherism irresistible. For many of these people renting would have been a better option.

"We have to get away from the idea that the rented sector is just for a residue of people who cannot afford home ownership," says Sir George.

The government is taking the need to revive the private rented sector increasingly seriously

But any increase in the private rented sector will require a reversal of a deep-seated trend against this sector. The stock of private rented housing fell by some 800,000 properties during the years of Mrs Margaret Thatcher's premiership, from 1979-1990. In the UK, only 8 per cent of households are in the private rented sector, compared with 40 per cent in the former West Germany and 29 per cent in the US.

The reasons for the move away from private rented housing (which in 1914 accounted for 90 per cent of the housing stock) include tax benefits (such as mortgage interest relief) that have favoured home owners and the post-war urban renewal programmes that swept away large tracts of rented housing. Most important of all, however, was the impact of rent controls.

The rent controls that came into force in 1965 reduced rent drastically. This had the effect of cutting landlords' rent revenues, making property an even more unattractive investment.

The Housing Act of 1988 abolished rent controls for certain types of tenancy, but its long-term impact is still unclear.

Some private sector landlords, such as Bradford Property Trust, believe that renting out property is now an attractive investment. However, sceptics remain unconvinced. They say that the rise in private lettings in the past couple of years owes more to temporary factors, such as the property-related Business Expansion Schemes which will be phased out at the end of the year and the trend for house owners to rent out their properties until a buyer is found.

To achieve a broader-based expansion of the private rented sector, says Professor Duncan MacLennan of Glasgow University, the government must provide additional incentives. "Deregulation is a necessary but not sufficient condition for expansion of the private rented sector," he says. "It needs financial and fiscal backing to make it work."


The prime minister supports moves to boost the private rented sector

The Joseph Rowntree Foundation, a social research organisation, argues that tax breaks are needed to increase the real returns available from rented housing; returns presently stand at about 6 per cent, but they would need to rise by an extra 2 per cent to attract a significant number of new investors.

A report commissioned by the foundation from accountants Coopers & Lybrand urges the government to introduce 40 per cent first-year capital allowances for rented property. The remainder of the cost should be set against tax at 4 per cent, says the report, which is to be published later this month. Moreover, it adds, rental income should be treated as trading income and rented property should be exempt from capital gains tax, provided that it is held for at least 10 years.

Given that these incentives could result in the provision of an extra 50,000 rented homes a year, but at a cost to the exchequer of about £5,000 for each property, the idea is unlikely to be greeted with enthusiasm by the Treasury at a time when it is trying to curb spending.

But even if the government were prepared to introduce incentives, there are other obstacles. Few institutions would be prepared to take on the burden of managing residential property.

Indeed the notion of direct investment in private rented property is unattractive to most funds. The Prudential, Britain's biggest life assurer, says: "We feel it is unlikely that institutional investors will be persuaded to invest in private residential housing due to lack of liquidity and the small size of potential investments."

Repossessions have convinced many that the advantages of owner-occupation were exaggerated

But even if institutions are not prepared to invest directly, they might be inclined to invest indirectly by delegating the management and contact with tenants to a third party. Coopers & Lybrand believes that there is potential in the notion of a residential unit trust, the tax treatment of which would be more suitable for funds that invest in property companies.

There may be other factors, however, to discourage funds from investing in rented property. Asda Property, which in 1985 was split evenly between residential and commercial property, has disposed of the bulk of its residential holdings and reinvested in commercial property. The reason behind this decision, says Mr Tony Roscoe, managing director, was more than just a question of returns. "In commercial property, there is more scope for entrepreneurial flair. It is a less homogeneous product. Residential property is more a numbers game." Moreover, he adds, running a residential portfolio is management-intensive because properties tend to be spread geographically.

Funds are also wary of the political risk associated with investing in private rented housing. Mr Neville Lee, chairman of the Association of Residential Letting Agents, says the real problem is that landlords are concerned that a Labour government might reintroduce rent controls. "The market simply doesn't trust them," he says.

Nor is Conservative policy above suspicion, in the view of some landlords. The leasehold reform bill, which if enacted would force landlords to sell freeholds to leaseholders, does not inspire confidence among many property owners.

Changing the attitudes of landlords towards the rented sector promises to be an uphill struggle. But in the view of many involved in housing policy, the current disaffection with home ownership presents the government with a rare opportunity to expand the rented sector.

APPOINTMENTS

Male inroads into areas dominated by women may be easing unemployment, write **Lisa Wood** and **David Goodhart**

Jobs for the men

Chuck Savoy, a male secretary in his 40s, may represent the new asexual face of the British labour market. Savoy, who has been temping for Manpower for six years, is still an oddity in the female-dominated secretarial world.

But a lot of his male friends who thought they had jobs for life are now unemployed, while Savoy has worked throughout the recession.

With male unemployment close to 15 per cent and female unemployment at 5.5 per cent, and most of the new jobs being created in sectors traditionally dominated by women, men could increasingly be forced to compete on women's terrain in the jobs market.

Indeed some labour market analysts attribute the earlier than expected fall in unemployment to the fact that men are already starting to abandon their reluctance to take-up lower paid, "female", service-sector work.

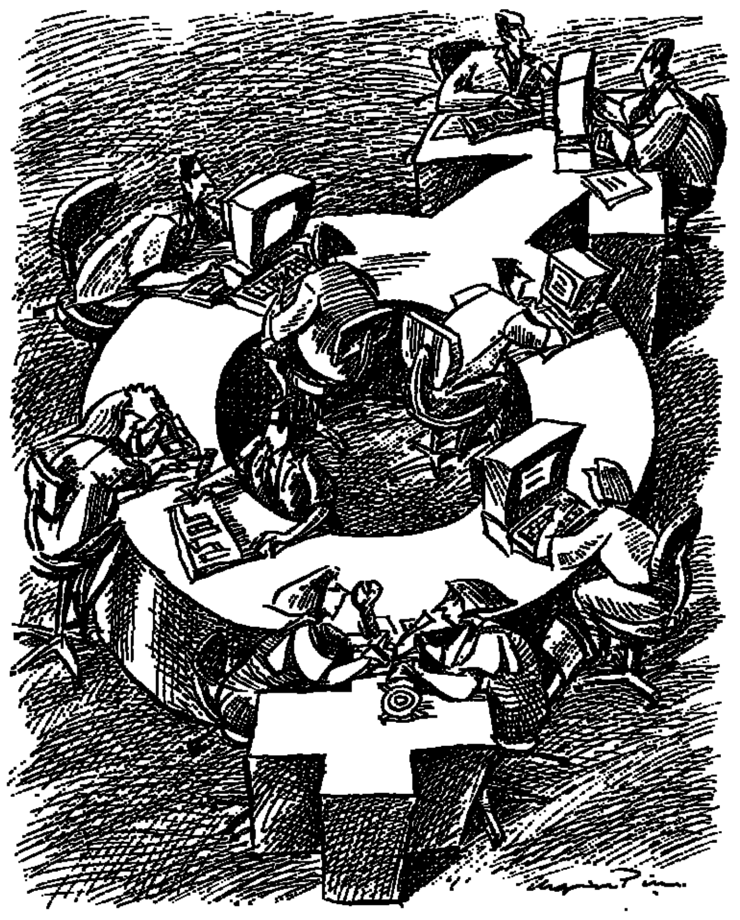
The theory is that in the early 1980s recession there was a double mismatch of geography and sex: male, heavy industrial jobs, were being lost in the old industrial regions, while female, service sector and light industrial jobs, were being created in the south-east.

The more even spread of unemployment in the early 1990s recession has meant that there is less of a geographical mismatch between the old jobs and the new, and changing attitudes among men have alleviated the sex mismatch.

There is no hard evidence for such a change of attitude, yet there is also little more than circumstantial evidence for the original assumption that men are excluded, or are excluding themselves, from the new jobs.

Some facts are, however, clear. Already nine counties and two Scottish regions have more female than male employees, including traditional industrial areas such as Mid Glamorgan. Recent figures from the Equal Opportunities Commission revealed that 40 per cent of complaints now come from men fighting employer assumptions about the female nature of certain jobs.

Chris Haskins, chairman of Northern Foods, says "it can be very difficult to avoid a kind of discrimination in favour of women". In Northern Foods, he says, the male/female balance has shifted from about 65 per cent male to 35 per cent female 10 years ago to 50:50 now. "Food industry jobs used to require physical strength but a lot of them have now been replaced by light industrial production-line jobs requiring dexterity not strength. Women are usually better at those jobs – you sometimes do see young men surrounded by women on a production line but they look awkward and out of place," he explains.



The Timex dispute appeared to underscore how women have become the dominant group in the UK labour market, at least for unskilled and semi-skilled work. Of the workforce that went on strike to defend its pay and conditions, about 80 per cent were women and the workers who crossed the picket line to undermine those terms and conditions were almost all men.

The growth of female preference may not just have been employer led. Alison Scott, a senior lecturer at Essex University, who is writing a book on male/female segregation based on a study of 6,000 people, says: "Female jobs have low status and as such can be an affront to the male sexual identity. Many would prefer to be unemployed than sell cosmetics in a department store."

Peter Ashby, of Full Employment UK, believes that male reluctance to take female jobs has more to do with money than psychology. If a man is a main bread-winner it is often not financially worthwhile to take a low-paying or part-time job. Alison Scott agrees that the poverty trap is a critical factor. "A retailing job is probably paying about £3.20 an hour which for a 35-hour week comes out at £112 which is not a breadwinner's wage."

Some of the ideas currently coming out of Training and Enterprise Councils, which administer government-funded training and enterprise programmes, are trying to grapple with this problem. Aztec, a Tec in South London, has for example got government funding for a pilot project for what it calls "portfolio working", which will subsidise individuals seeking to take up two or more part-time jobs.

The nature of some of the new jobs may also be helping to break down male/female segregation. Lilian Bennett, who chairs Manpower UK, the largest private sector employment agency in the UK, says that a lot of the new clerical jobs – such as data processing and data entry – are sexless in nature. And Savoy thinks that PCs are starting to de-sexualise secretarial jobs by bringing in a "male" technology dimension.

Susan Cooper, joint managing director of the Mari Group, a private-sector training and information technology group based in Tyneside, agrees. About 50 per cent of trainees on Mari's clerical and computing courses are men, a proportion which she says has increased over the years. Men, she says, are accepting jobs as secretaries and receptionists but feel more comfortable with jobs called computer operator or technician. "A secretary now is often the information technology manager, and men feel OK with that."

She believes that men's slowness in entering clerical jobs is due partly to their reluctance and partly to that of employers. "The women on the courses get jobs first." As regards personnel problems, she says: "Once the initial step has been taken, employers are surprised at how well things work out. Men do not appear embarrassed to do a job such as receptionist in our company." The main problem, she says, "was lack of verbal communication skills, particularly on the telephone".

On pay she says: "We re-trained a lot of shipworkers from the Wearside in clerical and desk-top publishing skills. They were only earning £7,000 a year, so they were already low-waged."

Some labour market analysts believe the way to make it possible for more men to take female jobs is to establish a "critical mass" of men in the relevant jobs, mirroring the way that women have broken into areas of traditional male employment.

That may take a long time in some sectors. In nursing, the proportion of men has hovered around 10 per cent since 1945, according to Christine Hancock, head of the Royal College of Nursing, and shows no signs of rising.

CHRISTOPHER LORENZ

The risks of sleeping with the enemy

Like a one-person computer dating agency with himself as its main client, Robert E. Allen went stomping around Europe last week throwing out public invitations for all and sundry to climb into bed with him.

In more seemly metaphor, the chairman of AT&T went fishing: trying to net any telecommunications company, almost anywhere, that might wish to join the World-Source venture that AT&T set up in late May with Asian-Pacific partners to serve multinational corporate customers. What was so striking about Allen's expedition was not just his brazen behaviour, but that he made it quite clear that AT&T would welcome with open arms companies which in other markets compete with each other.

Barely a month ago a similar declaration was made by one of his smaller rivals, Iain Vallance, chairman of BT. Announcing a far-reaching deal with MCI, one of Allen's main US challengers, the BT boss said he did not rule out future co-operation with AT&T on non-competitive projects.

This is not just a matter of a would-be Goliath and a real one jockeying for position in a particular industry. Similar behaviour is to be found elsewhere. Last month Pratt & Whitney joined forces in small aero engines with General Electric, its arch US rival, to fight a joint venture between Britain's Rolls-Royce and Germany's BMW. Yet Pratt has also been talking to Rolls about extending an alliance which they have had for some time in the upper reaches of the aero engine market – against GE.

The growth of such promiscuous relationships, in industries from telecoms to cars, aerospace to electronics, seems at first sight to support the argument of a new book called Collaborating to Compete (Wiley, £19.95), that "sleeping with the enemy" tends to be good for your corporate health – that it enhances your performance.

The metaphor is not mine. It is used repeatedly in the book by Joel Bleeke and David Ernst, who edited and co-authored the volume, with fellow McKinsey consultants. The use of "sleeping with the enemy" was meant to make alliances sound exciting and attractive. But to many people it will underline their risks.

As any Julia Roberts fan will know, the character she plays in a 1991 film of that name has long since ceased to be a willing party to the relationship with the enemy in question – her husband. He seems to be the ideal partner, but then begins to exploit, humiliate and assault her. She tries to break away from him but fails. In the end the only way she can escape is to kill him.

That exit route is not available to an unfortunate company weakened by the stranglehold of a once-attractive partner-turned-enemy.

Monogamy may not be practical these days, but nor is constant coupling with a shifting set of multiple partners

All it can usually do is submit and get out of the business concerned – as countless alliance enthusiasts have been forced to do.

The extent of the damage done to several large US industries by naive sleeping around with far eastern "allies" was well charted in a recent article by David Lei and John Slocum in the California Management Review (CMR)*. They demonstrated starkly how a company "which does not understand the risks inherent in such arrangements" can be "de-skilled" by its partner.

So what should you do to avoid such a fate? Steer clear of alliances entirely – turn celibate? Or sleep only with partners unlikely to become hostile?

Neither is feasible these days. Some alliances are a "must" for most companies, given the attractions of saving costs and time in at least one part of their "value chain". As with AT&T, the need to leap political barriers to markets can also play a role.

Nor is avoiding competitors always an option. You should usually link with the strongest partner, which often means with rivals; if you avoid them, they will only team up with others.

The degree of danger in an alliance varies by its type, breadth and depth, and by its intended duration; by industry; and by each partner's particular situation, especially its degree of dependence on the relationship.

So any shortlist of ground rules is by definition incomplete. But several are fundamental. As in sexual activity, they amount to "take extreme precautions".

First, be sparing with your favours. Do not be as promiscuous, for instance, as IBM. Definitely do not measure yourself on "how many alliances have we made this quarter?" – a foolish and unmanageable piece of machismo which obsesses far too many companies.

Second, be clear that the main purpose of an alliance is to learn from your partner-rival, not just to fill a short-term product, service or market gap. Lei and Slocum are especially damning about US industry's record here.

Third, avoid sharing any of your core competences (technological, managerial or whatever) with a partner unless absolutely necessary. This is easier said than done, especially if you have not yet defined properly what they are.

Fourth, build barriers – internal as well as external – against the seepage of skills to your partner. Control carefully the boundaries of the alliance, even if they need re-negotiating from time to time. Creating such barriers is obviously easier when you have relatively few partners, when only limited parts of your organisation are involved and when such relationships are reasonably stable. That is a far cry from the all-permeable, "borderless" company advocated by many US business gurus.

In other words, by no means everyone should share their favours as liberally as Robert E. Allen. Monogamy may not be practical these days, but nor is constant coupling with a shifting set of multiple partners.

* *'Global Strategy'. CMR, autumn 1992.*

Moving into the fast track

High-speed digital networks are the next leap forward, says **Louise Kehoe**

International Business Machines has joined a growing body of companies in the computer and communications industries backing Asynchronous Transfer Mode as the definitive technology for high-speed digital networks - the "information superhighways" of the future.

ATM is "the springboard to the next great leap forward in communications," says Ellen Hancock, IBM senior vice-president and general manager of IBM Network Systems, which this week announced IBM's plans to develop a range of ATM products.

"We have made a fundamental shift to increase our investments in developing ATM," she adds.

"IBM intends to be ATM is a set of international standards that define a new method for sending large quantities of voice, data and video information simultaneously over networks linking computers across offices, and ultimately across continents, at speeds up to 1,000 times faster than is currently possible.

Worldwide demand for ATM products will rise from $275m (£185m) this year to $3.1bn in 1997, analysts at Gartner Group, a US high-technology market research firm, predict.

ATM is based upon the same principals as the "packet switching" technology used in today's data communications networks such as BT's Tymnet. Information is broken up into "packets" or "cells" each labelled with an address to which it must be delivered. To accommodate different types of information, such as video and voice signals, ATM establishes a standard cell format and size. In this way, ATM provides the communications equivalent of a multi-lane highway along which information cells can travel at varying speeds, switching lanes to overtake slower "vehicles".

In contrast, today's data networks resemble single-lane streets, with speed restrictions. Traditional telephone networks might be compared with the railroads, with voice traffic being routed by circuit switches such as the "points" on the tracks. Although well suited to long voice messages, or "trains", these networks are less efficient carriers of the shorter "bursty" signals that computers typically send. The primary advantage of ATM is that it can be used to expand the amount of information existing networks can carry by making more efficient use of the bandwidth available. It is also well suited to "multimedia" applications and provides the basis for "internetworking"; linking local and wide area networks.

ATM is not the first digital communications technology to promise such advantages. IBM is one of many companies to have invested in the development of products based on Integrated Services Digital Network (ISDN), an earlier digital telecommunications standard, that has not lived up to expectations for widespread implementation, particularly in the US.

IBM is more sanguine about the prospects for ATM. "We believe that the demand is there for cost efficient bandwidth and multimedia communications," says Hancock. "ATM is a technology that responds to real needs."

Providing a "graceful migration path" to ATM, so that customers can take advantage of the new technology while preserving their investments in existing networks, is the critical issue in the emerging ATM market, says Stan Kramer, ATM product line manager at Stratacom, a Silicon Valley company that is one of the pioneers in high-speed networking technology.

IBM also acknowledges its customers are looking for a way to incorporate gradually ATM technology into their networks. "We've designed a strategy that lets them do exactly that," says Hancock, "by bringing users on local area networks (LANs) into the ATM world, then linking users throughout the enterprise. And they won't have to discard current equipment to do this."

The first IBM products incorporating ATM technology will be introduced next year. These will include adapter cards for computer workstations and servers, and IBM's intelligent switching hub, developed in partnership with Chipcom, a Southborough, Massachusetts, manufacturer of networking equipment.

Andrew Fisher on virtual companies

A global concept

In the corporate battle zone of the 1990s, even successful companies have to move fast to avoid defeat. As the travails of IBM, General Motors, Volkswagen and others have shown, the proven business methods of the past are no guarantee that sales and profits will continue to flourish.

Increasingly, executives are turning to alliances, partnerships and joint ventures, often formed to produce particular products and then disbanded. These enable costs to be shared, development times to be shortened and effective use to be made of design, manufacturing and marketing skills inside and outside the company.

Such linkages – variously described as virtual corporations or agile enterprises – are made easier by computer technology. They can be set up, controlled and reshaped quickly and flexibly so companies can draw on worldwide resources to achieve their objectives.

"Information technology, because it's going to become as ubiquitous as the telephone system, is going to enable people to have totally different concepts of how they work together," says David Allen, director of European strategic marketing at Ungermann-Bass, the US-based computer equipment company. He sees ideas like the virtual corporation as part of the business re-engineering process by which many companies are fundamentally changing the way they operate.

Ungermann-Bass, owned by Tandem Computers, has produced a series of combined hardware and software products which enable companies to link up their terminals, workstations and printers almost as they please, without incurring heavy extra expenditure on new equipment or running the risk that this will be outmoded. These products, described as Virtual Network Architecture, are designed to allow information to flow where it is needed and not just be restricted to small groups of users.

Allen believes Europe is at least a year behind the US in corporate re-engineering. He cites the example of German companies which want to cut traditionally high costs and employment levels while remaining global players. "The virtual corporation is going to start giving them concepts they can use."

With the associated technology - other aspirants in this field include SynOptics and Kalpana, both of the US - this allows companies to draw on international resources in a way that would previously have been difficult. "Why shouldn't you have somebody in an office in England designing a product, having it produced in Japan or Taiwan and marketed in America, with all this being controlled totally at arms' length but appearing to be linked together," says Allen.

There are plenty of examples of link-ups in the motor, computer, electronics, aerospace and other industries. Roger Nagel, operations director at Lehigh University's Iacocca Institute in Pennsylvania, cites US Car (an electric car venture between Ford, General Motors, and Chrysler), Sematech (in semiconductors) and the tie-up between Apple, IBM and Motorola in computer systems and equipment. Nagel, who recently spoke at a series of European seminars on computer networking technology organised by Ungermann-Bass, says such partnerships do not depend on electronic integration, but are certainly enhanced by it.

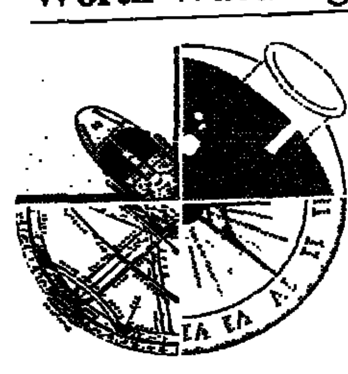
VNA enables computer systems to be linked without the need for extra components. This, the company claims, makes it cost effective. It works with existing user networks and is capable of being upgraded to the next stage of networking technology, Asynchronous Transfer Mode (ATM) which will enable information to be passed between computers at extremely high speeds.

With VNA, life is made easier for those controlling computer networks. Instead of extensive recabling, managers can simply identify various layers of their networks on a screen and reconfigure the different user groups at the push of a button. Ungermann-Bass's products, DragonSwitch and NetDirector/VNA, are designed to make these links – up to 65,000 groupings can be set up in one organisation – in individual sites and across the world. They can be used with systems operating on any software, chiefly Microsoft and Lotus, and satisfy user's desire for speed of operation.

A businessman will be able to call up information at will on, for example, his company's activities in the Far East or research developments. "For the first time," Allen says, "he will be able to get information on anything from anywhere on one terminal." This will allow companies to share information on a 24-hour basis between continents. Multimedia applications, with pictures, sound and data on screen, will also be possible.

If, however, businesses are to assess the benefits of such products properly, computer companies must stress the applications clearly. "Networking is a great bore for them [executives]. They don't understand it or want to. They just want the information there when they need it," says Allen.

Worth Watching · Della Bradshaw



Putting the news on the screen

An international newspaper which appears on your PC screen will be available in the US from the end of this month.

Called "News in Motion", and created by Walk Soft, of Rochester, New York, the on-line newspaper will receive its news from sources such as Le Monde, International Herald Tribune, Asahi Shimbun and the Financial Times. To receive the "newspaper" a subscriber will need a PC with Windows 3.1 and 4 megabytes of memory. The weekly version of the paper will cost $4.80 (£3.24) an issue.

● In the UK, multimedia specialist Digithurst has developed the software to enable businesses which receive teletext or other data broadcast information to produce a personalised "newspaper" for broadcast across the computer network. The Windows-based PictureBook run time module costs £99. Digithurst: UK, 0763 242955.

Easing the tender nightmare

Going out to tender for large projects can prove a nightmare, with employees reduced to sifting through mountains of details once the bids are put in.

To aid such companies Computer Management Group (CMG) is marketing a system developed by PowerGen which uses artificial intelligence to help pick the successful bidder. The Intelligent Contract Management System (ICMS) combines expert systems, where the software responds as an expert evaluator would, with neural networks, which "learn" how to assess the bids as the system is used.

The software analyses the data and produces a report on each bid, highlighting errors, where clarification is needed and so on.

It can also recommend which bid to accept on the basis of the tender and previous work. CMG: UK, 071 233 0288.

Conference call via the PC

Personal computers are about to be turned into video-conferencing terminals.

PictureTel, the US video-conferencing company, has developed a plug-in kit that will bring video-conferencing to the PC for £4,995. The Live PCS 100 gives full-colour, full-motion video, which shares the screen with computer data.

Video calls can be made via the public ISDN network to and from any other industry-standard video-conferencing terminal. PictureTel: US, 508 762 5000; UK, 0753 673000.

Software goes on trial

However much market research a company does before investing in computer hardware or software, most have to admit that they have made mistakes. ICL Secure Systems believes it has the solution with its latest security system, which it is offering on a 90-day trial basis.

Access Manager is intended to enable computer users on a network to access all the different software packages and files by logging on just once. During the trial ICL will develop a security policy with the company and use Access Manager to design a 20-user pilot site. ICL: UK, 0734 693131.

Fish food wins a new lease of life

Few spin-offs from the Russian space programme have proven as bizarre as the case of the long-life fish food.

A way of preserving food during the long trips into space is now being used in the former Soviet Union to preserve worms and larvae as fish bait or as a food for aquarium fish. The wriggly creatures are sealed into sachets containing a fluid, details of which remain secret.

Here they can live for up to six weeks, long enough for them to be imported into the UK by Barraclough's Fish and Aquarium Supplies, of Bradford. Barraclough: UK, 0274 576241.

PEOPLE

'Natural extension' for Cormack

Ian Cormack is taking over the responsibilities of country corporate officer for Citibank in London, in place of John McFarlane who moved to Standard Chartered last month.

Cormack, 45, who says McFarlane used to work for him in the early 1980s when Cormack was running the bank's European training and personnel activities, describes the job as a natural extension of his current responsibilities.

"In some countries – like Brazil – it would take up much more time. The good news is that I was already involved in the City, with a lot of contact with the Stock Exchange and the Bank of England. It was tidier than to find someone else, and it is not an enormous amount of incremental work unless there is a crisis."

The job requires a good external and internal communicator, someone who knows the clients as well as someone who can work with regulators and the rest of the banking community at a senior level.

Among the many committees on which Cormack sits, he has recently been appointed chairman of CHAPS, the electronic system for clearing and settling wholesale payments; he is on the council of APACS, the umbrella body for all UK clearing systems. He was also chairman of the TAURUS monitoring group – "we were on the outside looking in," he says – as well as a member of the subsequent securities settlements task force at the Bank of England.

His mid-Atlantic twang notwithstanding, Cormack, born in Scotland and brought up in Cornwall, is now "the most senior Brit" in the London office. He joined Citi in 1969, and worked for his first decade in real estate, both from New York and Paris. Current responsibilities are for European financial institutions and transaction services – the latter including cash management, global custody, and electronic information businesses. Both areas are larger than the equivalent businesses in the US and are bigger profit earners in Europe than everything else except foreign exchange.

McFarlane's replacement running the UK corporate banking business is Ed Holmes who had previously been in charge of the Nordic region and is now adding the UK to his responsibilities.

■ **Bob Michaelson**, 46-year-old chairman of Warburg Investment Management International, the New York subsidiary of Mercury Asset Management, will join Citibank Global Asset Management as global chief investment officer based in London.

■ **Mark Scibor-Rylski** has been appointed vice president and chief financial officer of International UNP Holdings, an international investment company specialising in Poland.

■ Four directors have been appointed to the main 3i board: **Nigel Guy** in Cardiff, **David Williams** in Newcastle, **Michael Queen**, who is responsible for investing in medium-sized independent businesses in London, and **Paul Traynor**, who is responsible for large management buy-outs and buy-ins.

■ **Gregory Barker** has been appointed a director responsible for European corporate finance at INTERNATIONAL PACIFIC SECURITIES based in London.

■ **Alan Dawson, Jonathan Diggines** and **Peter Montgomery** have been appointed directors of MURRAY JOHNSTONE.

■ **Jaqueline Gourlay**, former chairman of Cheval Investment Management, has been appointed md of Plough Court Fund Management, part of GERRARD & NATIONAL HOLDINGS.

Pamela Meadows, chief economics adviser and head of the economics, research and evaluation division at the Department of Employment, becomes the next director of the Policy Studies Institute from the beginning of October.

She takes over from Bill Daniel, who has been in the job for seven years, and who is stepping down, aged 54, to devote more time to his own area of research expertise – employment and industrial relations.

"If I were asked to describe my ideal job, this would be it," says Meadows, 44, simply. After 19 years in the Civil Service, she says the appeal is presiding over a body of work that is "at the interface between very respectable academic research and work which influences the policy agenda".

PSI has a permanent staff of 70 people, with some 50 full-time researchers, and calls itself Britain's leading independent social research institute. Annual turnover is around £2.5-3m and it has a forward order book of about 12 months.

She happens to have known Daniel for 15 years; one of her first tasks when she joined Employment was to manage a project that Daniel was doing. Her government department is a significant funder of PSI – notably contributing to the recent Employment in Britain Survey.

As well as developing the research side, part of her job will be to extend current sources of funding, encouraging more involvement from industry and putting together consortia of donors for the bigger projects.

Stalking and poaching in Scotland's banks

It is almost unprecedented for Scotland's two leading banks, the Royal Bank of Scotland and the Bank of Scotland, to poach each other's senior executives. But the Royal Bank is increasingly aggressive these days and has now lured Leith Robertson, one of the Bank of Scotland's senior management buyout specialists, to become its corporate director in charge of mbos and acquisition finance. His job at Bank of Scotland was chief manager, corporate banking.

Bank of Scotland has been very successful in providing debt for mbos and Royal Bank wants to expand further in this area.

The appointment of Robertson, 41, who has spent all his career at the Bank of Scotland, is also another sign of the Royal Bank's tendency under its ceo George Mathewson to fill senior posts from outside its own hierarchy.

Robertson will replace and report to Donald Workman (left), who becomes director of commercial banking services. Workman joined the Royal

Bank last year from Credit Lyonnais Capital Markets, though until 1991 he was managing director of Castleforth Fund Managers, a venture capital company which was a joint venture between Royal Bank and Credit Lyonnais.

Another relative newcomer to the bank is Frank Kirwan (right), who is to be director of retail banking services in the branch banking division. Kirwan joined the bank in 1988 from the Scottish Development Agency to which he was recruited by Mathewson, who was then its ceo.

At the Royal, Mathewson made Kirwan director of strategy; he was involved in cementing its alliance with Banco Santander of Spain and, more recently, disposing of the merchant bank Charterhouse.

Theatre

Mountain Giants

An initial warning may be in order: *The Mountain Giants* is more for the head than the heart and parts of it are obscure even by the standards of Pirandello. It was the author's last play and was unfinished when he died in 1936, though he left an outline for the final act. The production at the Cottesloe is a new version by Charles Wood who has written a conclusion that looks as if it is faithful enough to the original intentions.

The Giants are fascists, yet while there are mentions of Herr Hitler and Berlin, they are plainly of the Italian, not the German variety, and therefore less efficient. The Italian giants, like the Germans, go in for stadiums, not theatres, but they are not really giants at all, "just trying to be, hoping to be." In a lovely Italian line, it is said that they are simply "the Giganti family", as one may speak of other Italian dynasties.

In fact, the giants never appear. There is one scene of loud martial music and the sound of giant feet marching, but they do not reach the stage. The most they do is send a bureaucrat to represent them. All that may seem lucid enough in exposition. The trouble is, however, that it does not emerge until around the middle of the play.

The beginning is much more characteristically Pirandello. One set of peasant actors, led by the magician, Cotrone, meets another, more professional group known as the Contessa's company. There are some familiar exchanges about illusion and reality, then some more mystical scenes about dreams. It is only gradually that we understand that the professionals are under pressure from the regime, and that freedom of the imagination is in danger of being suppressed.

In the second act the threat becomes clear enough, but then there is another twist. It is not the absent giants who boo the actors' play off the stage, but the huge audience of workers who "dig, build and pave" for the giants' state. By then, all the customary playing with illusion is gone. The stark conclusion is that, under totalitarianism, individual art cannot exist: harder to say in the Italy of the 1930s than it is today. The piece ends, almost as it began, with the Contessa being wheeled off, as she was first wheeled on, in a cart, possibly dead.

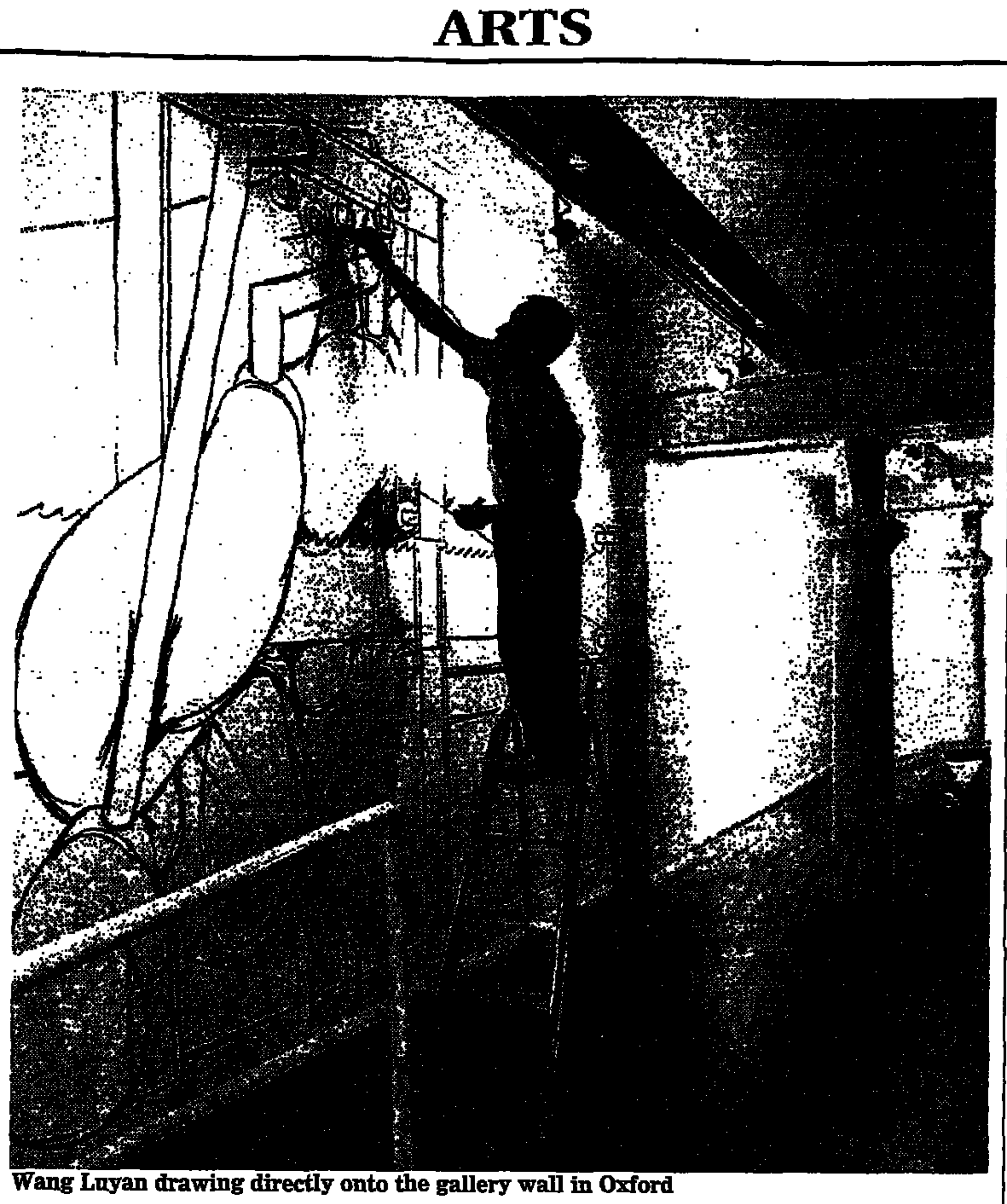
There have been other satirical shafts along the way. The sailors who support the regime, for example, are presented as a set of dummies in a child's nursery and only occasionally come to life. Presumably they are serving only to wear the uniform and are not really dangerous at all except in their readiness to conform.

Even under William Gaskill's direction, this remains a collector's item: fascinating to watch, but not an entirely coherent play.

It contains one magnificent performance by an actor who continues to grow in stature. That is Desmond Barrit as Cotrone. He will be remembered as playing both twins in the RSC's *Comedy of Errors* and, more electrically, as the property developer in *The Chinese Wolf* at the Bush earlier this year. Physically large, sometimes he just needs to stand there to impress: when he speaks he compels attention. As the magician commanding the actors, he is the one wise man in the play, standing slightly above it all. The actress who stands out is Sian Thomas as the Contessa, but one cannot say it is the best part Pirandello wrote.

Malcolm Rutherford

Cottesloe Theatre. (071) 928 2252



Wang Luyan drawing directly onto the gallery wall in Oxford

Chinese puzzles

Lynn MacRitchie reviews 'Silent Energy' at Oxford

Since the mid-19th century, a vital strand in China's development has been its changing self-definition in relation to the west. Now that many Chinese artists are living in cities such as Paris or New York, some in exile since the Tiananmen Square events of 1989, this process continues, but with a new dimension. The work produced by those trained in China's art colleges since their reopening in the late 1970s has developed for the first time within a sustained climate of western influence. There has been time for a whole generation to assimilate western forms of expression much more thoroughly than in the past. Or, in the words of Huang Yongping, one of the eight artists showing specially commissioned works in *Silent Energy*, a two part show at the Museum of Modern Art, Oxford, "I took five years to study art and I will need 10 years to forget what I learned."

Huang was born in Xiamen in 1954, graduated from the Zhejiang Academy of Fine Arts in 1982 and has lived in Paris since 1989. While at art college, he was made to copy French 19th-century paintings. In protest, he collaged the faces of peasants on to his copies. After graduation, he founded the Xiamen Dada group in 1986, its anti-academic stance just as necessary to the artists of 1980s China as it had been to those of Europe 60 years before.

At Oxford, Huang is showing a work which at first sight seems an average example of the 1990s school of large-scale installation. A tent-like structure fills the lower gallery, its form minimal, its frame of reference apparently simple – nomadism and museum culture, perhaps, or transient versus monumental. Stepping within, however, things begin to get complicated. The plain cream canvas is lined with yellow silk, a colour which in ancient China could only be worn by the emperor, signifying his power and status. At first, the yellow hued space seems empty, lit only by a naked bulb. Then a faint scratching sound draws the eye upwards. There, imprisoned behind a glass ceiling, creep literally hundreds of locusts. Amongst their scuttling shapes lurk even more sinister shadows – scorpions, trapped with their prey. The piece, Huang explains, is called "Yellow Peril" and was inspired by a German cartoon of that name of the 1890s, which personified western fears of the people of the east. Such fears, of course, mirrored those of the Han Chinese themselves, who dreaded encroachment from the Mongol hordes, and built the Great Wall to keep them at bay. The Chinese characters for yellow and for locusts have the same pronunciation, which also sounds like the artist's name, Huang. Chinese characters can have several different meanings, distinguished only by their pronunciation, a constant source of jokes which delight the Chinese and mystify outsiders. Thus this familiar seeming piece in the western installation genre, complete with nod to Damien Hirst, requires a knowledge of Chinese history, language and culture to grasp the full range of its meaning.

The same is true of the work of Cai Guoqiang who makes drawings using gunpowder and Chen Zhen, who have constructed a piece called "Terraced Field" from burned books. To a Chinese eye, the charred volumes convey not just the musings on cultural decay and political oppression which might occur to western minds but also the concept of transformation through process, immolation as fertility rite.

Gu Wenda, now resident in New York, sprinkles placenta powder, an ingredient in traditional Chinese medicine, over five empty cots in his piece "Oedipus Refound II". He also shows four scrolls, whose cut up calligraphy scrolled over with fake characters in red paint, upset the Chinese authorities so much that they closed down the 1986 exhibition in which the piece was shown originally. His neighbour in the upper gallery, Yang Jie Chang, soaks rice paper in calligraphic ink, using the sodden to construct rectangular shapes on plain white supports whose size is determined by the site where they will be shown. The dense black shapes recall Rothko, but were produced after months of study with Taoist and Buddhist masters. It is worth remembering that, at the time when western artists were becoming influenced by such eastern modes of thought, the communist regime in China began its campaign to expunge all traces of their existence from the country.

Wang Luyan is the only exhibiting artist who still lives in Beijing, where he works as a graphic designer for a national newspaper. His piece, untitled and drawn directly on the gallery wall with red and black marker pens, shows a strange construction of pulleys and saws on to whose jagged teeth sag bulbous shapes suggestive of human body parts. There seems little ambiguity here, little need for clever references, in this pictorial metaphor for the lived experience of an arbitrary and terrifying structure capable in the end only of destroying its children. Goya, anyone?

New Art From China, part 1, Silent Energy, June 27 to August 29. Museum of Modern Art, 30 Pembroke Street, Oxford OX1 1BP. Tel 0865 722733

Ballet/**Clement Crisp**

Scotch à la Kirov

On Wednesday night the Kirov Ballet presented something which announced itself "A Gala Programme". In the event, two promised items – Jerome Robbins *In the Night* and Balanchine's *Tchaikovsky pas de deux* – did not materialise, and were replaced by quaintnesses which had the debilitating effect of a diet of macaroons. One major piece, though, was on view: Balanchine's *Scotch Symphony*, and Kirov style redeemed some (if not all) of the rest of the programme.

The evening was, indeed, an occasion to savour manner rather then matter, to see how the aristocracy of Petersburg training can rescue the ghastliest nonsense. *The Fairy Doll* is an insupportable bit of sugared whimsy: diabetics should not even be in the same theatre as this antique bonbon, which dates from 1903. It involves a terminally cute danseuse, in Cartland pink, being courted with maximum roguishness by two clowns. Hell gapes. Yet even the men's noxious capers are illuminated by distinction of technique: their education wins through. I can offer no bouquets to the sextet from *La Esmeralda*, which must be wholly confusing to an audience not told that the heroine is dancing for the man she loves at his betrothal party. It needs more stylish performance than it received on Wednesday: in past seasons Yevteyeva and Asylmuratova were wonderful because they made us believe in its drama as in its predictable steps. On this occasion it seemed merely lugubrious.

The sextet from *La Vivandière* is a pretty thing, a reconstruction by Pierre Lacotte from St. Léon's own notation of his 1844 triumph. (The cast sheet, as usual, provided so little information for the public as to be almost useless.) It was prettily danced by Irina Sitnikova and her companions, who merit both names on the cast list and flowers. About the novelty of the evening, an adagio act of lambent vulgarity by Oleg Vinogradov, I record that it involved Yulia Makhalina and Konstantin Zaklinsky, that the orchestra played Samuel Barber, and that Zaklinsky, who merits better, lugged and twisted Makhalina in approved Béjartian struggle-fashion. She might have been his Muse; she looked more like his luggage.

All of these matters seemed more foolish since the evening had begun with the choreographic felicities of *Scotch Symphony*, led by the entrancing Larissa Lezhnina. We see Balanchine somewhat Kirov-ised – broader, gentler phrasing; rhythms and energies less acute than in New York – but it is Balanchine nonetheless, and most touchingly so in the work of Lezhnina and the female corps. Lezhnina's virtues (the lightness and sweetness of her manner; the rectitude of every step) are an abiding joy. So, too, her sense of the ballet's implicit homage to Romantic ballet's traditions: Taglioni's heroine is just below the surface of her tender portrayal. I wish, though, she had been given a partner more credible than Alexander Kurkov, whose optimistic performance I did not appreciate.

The evening ended with the last act of *The Nutcracker* in Vasily Vainonen's 1934 version. It is very much of its time, and interest now lies only in the *grand pas de deux* with its lifts in which the ballerina is thrown between her cavaliers – a reminder of Soviet ballet's acrobatic tendencies in the 1930s. We have memorably seen Irina Kolpakova like purest crystal in this scene. On Wednesday Veronika Ivanova was radiant, showing that dignity which is the hall-mark of Kirov style. The closing moments of the Sugar-plum variation, as Ivanova rounded out the last musical phrase with an exquisite placing of her arm, made one forget every numbing moment of the divertissements. Here was noble dancing. To Ivanova, and to Lezhnina, gratitude: they told us why the Kirov is still the repository of classic style.

The Kirov Ballet season continues at the Coliseum, with mixed repertory, until July 31

Cheltenham Festival/**Andrew Clements**

Blake and Casken

Cheltenham this year offers no less than 11 premieres, from the first performance of Michael Berkeley's opera *Baa Baa Black Sheep* (on which I reported last week) to the emergence of Alan Rawsthorne's Recorder Suite more than 40 years after it was written. New orchestral works by David Blake and John Casken fell somewhere between these poles – a Cello Concerto from Blake, a piece for string orchestra, *Darting the skiff*, from Casken.

Blake's Concerto was introduced by Moray Welsh and the BBC Symphony Orchestra under Alexander Lazarev on the first Sunday of the festival. It is his second concerto: the first, warmly expressive and full of Italianate lyricism, was written for violin in 1975 during work on the opera *Toussaint*, and the new one also has operatic affiliations, for its protracted gestation began in the aftermath of Blake's completion of *The Plumber's Gift* in 1989. The musical substance of the Cello Concerto, though, is entirely independent; it plays for 25 minutes in three connected movements, a discursive contrast of Lento and Allegro followed by the briefest of scherzos and a rangy set of variations which has ambitions to turn itself into a passacaglia.

The structure is lucid and convincing, the solo writing thoroughly idiomatic, the thematic material more or less memorable. There are some striking moments – the sudden intrusion of a piano's incisive timbre into the texture of the first movement as if to kick the music into a different gear, the subversive triviality of the scherzo, the grand scheme of the finale which ultimately squares the thematic circle when the most intimate idea of the first movement returns in the final bars, lyrically adorned by the cello.

Darting the skiff was also intended for a cellist. Heinrich Schiff was due to conduct the Cheltenham premiere with the Northern Sinfonia, but withdrew from the concert on Tuesday with illness and Casken himself took charge of the nimble first performance. The title comes from Gerard Manley Hopkins; the ghost of a pun is intended, but it also conjures images of boats moving on water and the play of reflected light that had provided the starting point for the work.

Casken contrasts two types of material in the 17-minute span – sinewy, propulsive figuration and sustained still meditation, as if the components of a string introduction and allegro had been cut up and interlaced. The music's range of mood and tempo is continually fascinating, the interplay of thematic elements and the textural variation always diverting; it seemed at a single hearing a most useful addition to the string orchestra's repertory.

Town Hall, Cheltenham. BBCSO concert sponsored by Nuclear Electric, the Northern Sinfonia's by ECC Construction Materials

Opera/**David Murray**

Dvořák's 'Dimitrij'

On first meeting Dvořák's opera *Dimitrij* (1882, much revised later), it was reassuring to find so many familiar characters from the Pushkin-Mussorgsky *Boris Godunov* (1869-72): for this is the story about what happened after the death of Boris. "Dimitrij" is indeed the Pretender Dmitri, a lusty tenor still, falling in love with the Tsarina Xenia (a mature young woman now) whilst almost wedding Marina, the scheming Polish princess whom Mussorgsky added to *Boris* as female interest. Shuisky continues to scheme too, though he has become a baritone, and Dmitri's supposed royal mother Marfa is re-enlisted for new crises.

I have been unable to learn whether Dvořák knew anything about Mussorgsky's ground-breaking work, but the evidence internal to *Dimitrij* would suggest not. Probably he and his librettist began from Pushkin alone. In Czech regions the piece was warmly received for a few years, but it scarcely travelled. Tuesday's Queen Elizabeth Hall concert performance by the Kensington Symphony was in fact the opera's London premiere.

Its conductor Russell Keable was responsible for the 1979 British premiere in Nottingham too, where the same hybrid version of the score was used: a brave, incomplete attempt to recover the 1882 original, settling for Dvořák's second thoughts whenever his first ones were unavailable. In dramatic terms, the differences between them are probably not very significant. Though *Dimitrij* has some fine, lofty passages of Dvořákian feeling – especially, and luckily, towards the end – it is theatrically hobbled by its clumping pace and its four-square rhythms.

Also by its relentlessly conformist, academic four-part harmony, expanded sometimes into double-chorus stuff – devout Russians against crude, secular Poles (here the Vasari and the Elysian Singers struck no sparks off each other) – but not varied enough to let in any bracing ai. And its deadly recitatives, too obviously pencilled in over Dvorak's chordal meditations: Peter Tyrrell's translation fails, as anybody's might, to jockey key words into the right musical places: again and again, where in Czech the emphases may be just, they had a *dull, false ring in the Englishing. In* effect that left the singers to sing stilted subtitles, instead of passionate admissions.

Graeme Matheson-Bruce tackled the long, strenuous role of Dimitrij with his usual finesse, and calculated risks on top notes. His was the most searching performance of the evening – though in a white dinner jacket and in classy English, something of the false Pretender's inner plight was missed. Pauline Tinsley gave sterling moral weight as Marfa, and Peter Savidge the opposite as Shuisky. Bronwen Mills' Xenia was sensitive, frail and uneven; Maria Moll was a stentorian Marina, urgently musical even in her hefty, charmless *fortissimo*.

There was sound, low-voice Establishment ballast from Tom McVeigh and Stephen Holloway, and as the Polish would-be rapists David Tilley and Paul im Thurn ("I have other charms!") were disarmingly tame. *Eminently worth hearing, all of it;* but no case for actually staging *Dimitrij* again has been made.

INTERNATIONAL

ARTS GUIDE

Although the career of Gianni De Michelis, Italy's flamboyant former foreign minister, is in decline as he is investigated for corruption, one of his more grandiose projects is bearing cultural fruit: five east European countries are hosting exhibitions of baroque art with financial help from the Italian government.

Soon after the collapse of Communism, De Michelis launched a loose diplomatic association known as Pentagonale, harking back to the grouping of the old Austro-Hungarian empire. As countries divided, this became Hexagonale and is now recast as the Central European Initiative. The main intention was and remains to promote diplomatic and commercial links - but it has also prompted cultural collaboration in the form of 10 exhibitions, with associated concerts and publications.

The exhibitions are intended to document and celebrate the great flowering of architecture, art and music that occurred during the 16th and 17th centuries, and to show how countries in central Europe were unified by cultural cross-currents. The only victims of De Michelis' fall from power are two exhibitions that had been planned for the Veneto region, his electoral constituency.

Prague Castle has an exhibition entitled Europe Mirrored in Prague's Baroque Collections (till Sep 12), tracing the new era of art collecting in Bohemia in the late 17th century. Warsaw's National Museum has Portraits of the Baroque Period (till Aug 1), illustrating the rich ethnic mix in central Europe in the 17th and 18th centuries. The National Museum in Poznan has Baroque Sculpture between East and West (till Aug 29), focusing on the Italian influence in Polish sculpture of the period. The Museum of the History of Budapest has Baroque Art in Central Europe (till Oct 10), surveying 200 years of baroque art in six thematic groups. Exhibitions are also being organised in Zagreb, Bratislava, Ljubljana and Szekesfehervar.

EXHIBITIONS GUIDE

AMSTERDAM
Van Gogh Museum The Potato Eaters: sketches, drawings and paintings leading up to the chef d'oeuvre of Van Gogh's Dutch period. Ends Aug 29. Courtesans in Japanese Prints. Ends Aug 29. Daily
Rijksmuseum Rembrandt in a new light: seven restored paintings. Ends Nov 1. Closed Mon
BERLIN
Neue Nationalgalerie Beyeler Collection: an outstanding private Swiss collection of early 20th century paintings. Ends Aug 1. Closed Mon
Alte Nationalgalerie Oskar Reinhart Collection: paintings by 19th century German, Austrian and Swiss artists. Ends Sep 12. Closed Mon and Tues
Martin-Gropius-Bau American Art in the 20th Century: a monumental survey containing 200 works by 60 prominent artists, focusing on art produced between 1945 and 1970, when America became the dominant force in art. Ends July 25. Closed Mon
COLOGNE
Wallraf-Richartz-Museum Highlights of the Baroque: a survey of French and Italian painting from the late 16th to late 18th centuries, all on loan from French public collections, including works by Veronese, Bordone, Vouet and many others. Ends Aug 22. Closed Mon
Josef-Haubrich-Kunsthalle Anton Räderscheidt (1892-1970): retrospective of the Cologne painter who fell foul of the Nazis, showing the development from his constructivist and expressionist early phase towards his mature style which came to be known as magic realism. Ends Aug 29. Daily
DIJON
Musée des Beaux-Arts The Golden Age of Dutch and Flemish Paintings: a selection from Catherine the Great's collections in the St Petersburg Hermitage. Ends Sep 27. Closed Tues (Palais des Ducs de Bourgogne)
ESSEN
Folkwang-Museum Morosov and Shchukin, Russian Collectors: 120 works from the St Petersburg Hermitage and Moscow Pushkin Museums, representing the remarkable collection of French impressionists and early moderns built up by two Russian entrepreneurs in the early years of this century. Ends Oct 31. Closed Mon
LONDON
Royal Academy of Arts Pissarro's Series Paintings. Ends Oct 10. Also Summer Exhibition. Ends Aug 15. Daily
Tate Gallery Art and Liberation: painting and sculpture in postwar Paris 1945-55. Ends Sep 5. Turner's Painting Techniques. Ends Sep 12. Edward Burne-Jones: a display of sketches from the museum's own collection, underlining the 19th century English artist's skill as a draughtsman. Ends Nov 7. Daily
Courtauld Institute Thomas Gambier Parry as Artist and Collector: 14th and 15th Italian paintings collected by the 19th century painter, whose watercolours are also represented. Ends Sep 1. Daily
LUGANO
Villa Favorita Lost Empire of the Silk Road: a remarkable collection of 87 well-preserved pieces of Buddhist art from the 10th to 13th centuries. Ends Oct 31. Also 19th and 20th century paintings and watercolours from the Thyssen-Bornemisza Collection. Ends Oct 31. Daily except Mon
MANCHESTER
City Art Gallery Gillian Ayres: An Indian Summer. A selection of bright abstract paintings based on the artist's visit to India in 1990. Ends Sep 5. Daily
MOSCOW
Pushkin Museum Matisse: an abridged version of the recent shows in New York and Paris, but specially augmented by 130 paintings from Russian collections. Ends Sep 15, after which the show will move to the Hermitage, St Petersburg.
NEW YORK
Guggenheim Museum Paul Klee: 60 works from the museum's own collection, spanning the Swiss-born artist's career. Ends Sep 19. Also Rebecca Horn: first full-scale retrospective of the German artist. Ends Oct 1. The SoHo site has Singular Dimensions in Painting: minimalist works from the 1960s and 70s by Ellsworth Kelly, Agnes Martin, Robert Ryman, Richard Serra and others. Ends Aug 22. The main museum is closed on Thurs, the SoHo site on Tues
Metropolitan Museum of Art Drawings from the Getty Museum: 120 works by Titian, Raphael, Fragonard, David, Rembrandt and many others. Ends Aug 8. Abstract Expressionism: works on paper from the period 1938-67 by American artists. Ends Sep 12. Closed Mon
Whitney Museum of American Art In the Spirit of Fluxus: 400 objects and documentary material of work by more than 40 artists, providing an in-depth view of one of the influential art movements of the 1960s. Ends Oct 3. American Art in Transition 1955-62. Ends Oct 10. Closed Mon
Museum of Modern Art Latin American Artists of the 20th century: 300 works by 90 artists from 1914 to the present. Ends Sep 7. Closed Wed
Brooklyn Museum 20th century drawings: 90 works from the permanent collection. Ends Sep 19. Louise Bourgeois: 11 works by the artist selected to represent the US at the 1993 Venice Biennale. Ends Oct 3. Closed Mon and Tues
NUREMBERG
Germanisches Nationalmuseum The Ludwig Collection: large-scale survey of the art collection of German chocolate magnate Peter Ludwig, including a large group of Picasso paintings. Ends Oct 10. Closed Mon
PARIS
Louvre Copier-Créer: from Turner to Picasso, 300 works showing how artists copied the great masters - initially in order to learn, later for creative interpretation and in the end for provocation, exemplified by Duchamp's Mona Lisa with a moustache. Ends July 26. Closed Tues
● Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musee d'Orsay and Versailles.
PARMA
Magnani Rocca Foundation The Barilla Collection of Modern Art: paintings and sculptures by Picasso, Dubuffet, De Chirico, Magritte, Bacon, Sutherland and many other 20th century artists. Ends Nov 28. Closed Mon
SPEYER
Historisches Museum der Pfalz Three Millenia of Egyptian Culture: masterworks of Egyptian-oriental art from the Vienna Kunsthistorisches Museum. Ends Aug 1. Daily
STUTTGART
Galerie der Stadt Munch and his Models. Ends Aug 1. Closed Mon
Staatsgalerie Swabian Classicism: 300 works from late 18th century. Ends Aug 8. Closed Mon
WASHINGTON
Hirshhorn Museum Jean Dubuffet: 97 paintings, sculptures and assemblages by the unconventional 20th century French artist. Ends Sep 12. Daily
National Gallery of Art The Great Age of British Watercolours 1750-1880. Ends July 25. Great French Paintings from the Barnes Foundation: 80 French impressionist, post-impressionist and early modern paintings. Ends Aug 15. Daily
Arthur M Sackler Gallery The Divine Word of Islam: 23 printed volumes dating from 14th-18th centuries in Egypt, Iran and Turkey, including bound manuscripts of the Koran and a ceramic tombstone. Ends Jan 2. The Golden Age of Sculpture from Sri Lanka: 52 ancient masterpieces of bronze casting. Ends Sep 26. Daily
National Portrait Gallery American Art at the 1893 World Fair. Ends Aug 14. Daily

Two of a kind: David Marsh on central bankers who are sceptical about deeper European union

Something agnostic in the state of Denmark

Mr Erik Hoffmeyer, the 68-year-old governor of the Danish National Bank, is the grand old sceptic of European central banking. In office since 1965, Mr Hoffmeyer has enjoyed a close-up view of three decades of monetary turbulence. He has witnessed the virtues of European integration – and its limits.

From the National Bank's bunker-like building in Copenhagen, he delivers a blunt judgment on the Maastricht plan for economic and monetary union. "Ever since Maastricht was signed, the awkward thing has been that we have been discussing things which will probably never materialise." Mr Hoffmeyer believes Germany, ostensibly a driving force behind European monetary union, does not really want it. "If there was a referendum [in Germany] Emu would probably be defeated."

The Danish krone this week has been caught up in the latest currency turbulence centred on the French franc. Asked about the dilemma faced by France – whether to wait for the long-term rewards of stability against the D-Mark, or to submit to foreign exchange market pressures – Mr Hoffmeyer says obliquely: "It's a question of patience."

He points to the "rather strict" Maastricht limits on public debts and deficits which will determine which EC members can participate in Emu. "The convergence criteria are obviously of German origin, and I can imagine the Germans had an idea of how difficult it would be to fulfil them."

Mr Hoffmeyer, a sagacious, soft-spoken man, is one of the best-known representatives of a small EC state which, by rejecting the treaty in June 1992, erected the first roadblock on the EC's path to union. The Danes ratified Maastricht in a second referendum in May, but only after gaining exemptions for the country from most aspects of the treaty, including Emu.

Mr Hoffmeyer has a reputation for outspokenness. In the early 1980s, he warned that Denmark was "sliding into the abyss" because of high public debt and inflation. In May, he complained that European currency co-operation had "collapsed" because of competitive ERM devaluations.

Erik Hoffmeyer: 'Since Maastricht, we've been discussing things that probably won't materialise'

Mr Hoffmeyer admits there is much he does not understand about economies' behaviour and financial markets. He confesses he has mixed feelings about Maastricht.

Before the 1992 referendum, Mr Hoffmeyer says he argued in favour of the treaty. A seat on the board of the proposed European central bank, he says, would have given the Danes greater leverage over European monetary policy-making, at present dominated by the German Bundesbank. "Inside, we would have some influence. If you look at it logically, it's better to be inside than outside."

> **'The more integrated you are, the more dependent you are'**

On the other hand, Mr Hoffmeyer doubts that Europe should pool decision-making in areas which are the fundamental preserve of national policy. "We are moving too close to areas which have an effect on national identity. If we didn't have European union, it would not be a catastrophe. The essential aims are to prevent war between countries and to continue economic and political integration. You can do that without union."

Mr Hoffmeyer's views have been influenced by living with a large, powerful southern neighbour. Alone among foreign central bank chiefs, he has known all past presidents of the Bundesbank. A teenager during the German wartime invasion of Denmark, he fled to Sweden, and forged links with the resistance.

At the Bundesbank's Frankfurt headquarters, Mr Hoffmeyer still ranks as a resistance fighter. After publishing a scholarly book last year on monetary history, Mr Hoffmeyer was chided by some Bundesbank officials for highlighting a German desire to flex political muscle in currency squalls.

Mr Hoffmeyer admits his own central bank's muscles are rather weak. Under its 1936 statutes, the Danish National Bank is independent from the government. However, the National Bank's basic monetary stance, like that of other ERM central banks, is largely set by the Bundesbank.

This follows almost inevitably, he says, from Germany's economic strength. "The more integrated you are, the more dependent you are. Even during the period when we were more dependent on the dollar, I had the feeling that we mostly depended on Germany. I had no difficulties over that."

Mr Hoffmeyer – who retires at the end of 1994 at 70 – says he has become progressively more wedded to German-style anti-inflation policy. "During the 1970s, my views changed. Inflation acts like a dissolvent on society. This became apparent in Denmark in the late 1970s. There was an uncomfortable feeling of instability."

Implementation of anti-inflation policies has less to do with dogma than with public opinion, Mr Hoffmeyer says. In the German-orientated ERM "core" countries – including Denmark – electorates have been willing to sacrifice employment in return for more price stability.

"Over the time I have been at the National Bank, we have moved from full employment to more than 10 per cent unemployment, and from inflation of 15 to 17 per cent to a level of 1½ per cent. I cannot say whether price stability is the prime condition for growth. But it has proved impossible simultaneously to fulfil the two objectives of price stability and high employment.

"People now seem to prefer price stability to full employment. The choice has been made not by the politicians but by the people." In view of economic contraction in his country and many of its EC partners, the agnostic Mr Hoffmeyer leaves open the possibility that, one day, priorities could shift again.

Glaring gap between idea and reality

Mr Pierre Jaans, director-general of the Luxembourg Monetary Institute, is a quizzical-looking intellectual who handles the Grand Duchy's monetary affairs from a fourth-floor office near the main railway station.

Prosperous Luxembourg – currently the sole EC member with a good enough economic performance to meet the Maastricht criteria for economic and monetary union – is normally regarded as a true believer in Euro-federalism. Mr Jaans, however, is a heretic. Asked whether the EC should deepen its co-operation towards greater pooling of political and economic power, or widen it to include new members, Mr Jaans replies crisply: "Deepening is over. Nobody wants it."

Of crucial importance, he says, is how the Community treats the former east bloc countries seeking membership. "I cannot really imagine a consensus coming about in favour of staying with 12 members, making the Community first a kind of federal state of these 12, and then letting the others come in later on their knees."

Whatever the EC's future course, Luxembourg's past record has been impressively integrationist. It has its own monetary union with Belgium under an agreement dating back to 1922.

Although Mr Jaans has been for 16 years Luxembourg's representative on the EC committee of central bank governors, his institute is not, properly defined, a central bank. Its powers of monetary creation are limited to responsibility for issuing Luxembourg franc coins and banknotes. Interest rates are set by the National Bank of Belgium, which, Mr Jaans says succinctly, "tells rather than consults" him about its decisions.

Mr Jaans himself is a model Euro-citizen. Born in Luxembourg 57 years ago, he studied economics in Berlin, Paris and Munich, and worked for 10 years (between 1962 and 1972) in the research department of the German Bundesbank.

Mr Jaans's wife is German, and he says he appreciates the "very tolerant and generous" nature of German society. Although he highlights Luxembourg's history of "economic or military occupation" by its large German neighbour, he is not concerned by the thought that Europe will fall under domination of reunited Germany.

Pierre Jaans: 'The time horizon for Emu is not really realistic'

What worries Mr Jaans is the Maastricht treaty. He is all too aware of the gap between the desirability of greater European co-operation and its feasibility, criticising the treaty for being unclear about how Emu can be achieved. If Luxembourg had held a referendum on Maastricht, he probably would not have voted for it.

> **Whatever the EC's future course, Luxembourg is *impressively* integrationist**

His chief complaint is that politicians will have too much leeway in deciding how the treaty will be interpreted and implemented. "It sets up structures which can be shelved or mobilised at the choice of a handful of people."

As far as Luxembourg is concerned, this will damage what he regards as a highly beneficial feature of his country's democracy: "the really admirable proximity of individual citizens to the political process".

His long-held responsibility for Luxembourg banking supervision – he was banking commissioner before taking over at the Monetary Institute – gives Mr Jaans a wry perspective on past Emu plans. The most celebrated was drawn up by Mr Pierre Werner, the former Luxembourg prime minister, who in 1970 formulated a timetable (quickly shelved) for European monetary union by 1980.

Mr Jaans recalls that Luxembourg's growth as a financial centre during the 1970s was spurred by German measures to keep out inflows of speculative funds into the D-Mark, which drove the money to the Grand Duchy instead. Hence his conclusion: "If Pierre Werner's plan had come about, we would have had no financial centre in Luxembourg."

As befits a man who once worked at the Bundesbank, Mr Jaans shares the German central bank's view that the timetable set down for Emu in Maastricht is "very ambitious ... The time horizon for monetary union in 1997 is not really realistic. It's difficult to say whether this will be the case for 1999."

However, unlike the Bundesbank – which pleads that a low inflation rate is a condition for faster growth – Mr Jaans thinks that commitment to stable money can have a contractionary effect on the economy. "If you opt for a hard currency model, the price you pay is somewhat lower growth. If you really have stability of the currency as your first priority, this brings with it limitations."

This controversial thesis is an important reason for Mr Jaans's belief that a monetary union involving all 12 EC members will never be feasible. "I feel this group [the 12] is not homogeneous enough politically. They are countries with such different priorities."

Mr Jaans says the aim of setting up Emu on a D-Mark-orientated hard currency basis "may suit countries such as Germany, the Benelux countries, Denmark and perhaps France, with high prosperity and reasonably well-spread financial wealth". Less well-off countries would rather give priority to growth, he says, and will not want to join in.

Could not the more prosperous countries proceed to monetary union on their own? "Technically and economically", Mr Jaans says, this would present no obstacles, but he believes there is little political will for such a step.

Moving to a single currency with a single central bank for a limited group of EC countries would be like "building a political cathedral. It may be nice as a political monument, but you are not gaining significant additional benefits." Mr Jaans clearly thinks Europe's single currency will take quite a while to arrive.

This is the second in an occasional series on EC personalities

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Paradox of Ukraine and membership of the nuclear club

From Mr Oleh A Szmelskyj.

Sir, Monday's Financial Times presented an interesting paradox. Your article, "Regional jostling ties up Yeltsin assembly", and your editorial, "Mr Yeltsin's dwindling power", highlight the likelihood of the political disintegration of the Russian Federation into a myriad of small and presumably nuclear armed states. Yet on the other hand Ian Davidson's article, "No nukes is good nukes", is critical of Ukraine (by comparison a politically stable state) and its possible unwillingness to give away its nuclear weapons (and their uranium which can be used as energy) to Russia.

Ian Davidson argues that nuclear weapons should belong to legitimate members of the nuclear club. Who are these legitimate members? China, France, Britain, the US and the USSR. However, the latter has been replaced by 15 (11 excluding the Baltics) equal successor states, four of which – Belarus, Kazhakstan, Ukraine and Russia – have nuclear weapons as part of their inheritance. The fact that 176 Soviet inter-continental ballistic missiles were deliberately stationed in the Ukrainian portion of the Soviet Union and did not "happen" to be there by chance, as Mr Davidson implies, would not have prevented Ukraine being a legitimate target had deterrence failed and MAD (mutually assured destruction) ensued.

However, to end on an optimistic if not realistic note: assuming the US and Russia were to guarantee Ukraine's security and at the same time that of China, France and Britain, then presumably using the same logic as is used with respect to Ukraine, these three states would divest themselves of nuclear weapons? Or is this just naive Ukrainian wishful thinking?

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The training anomaly that puts nanny at a disadvantage

From Ms Victoria Tomlinson.

Sir, As an employer committed to training, I train my employees in my business and believe that a nanny employed at home should be given the same support and training as any "business" employee.

Training has been given a high profile by government and industry in the UK. The government is supposedly supporting a national target designed to ensure that, by 1996, all employees take part in training or development activities. You would think, therefore, there would be some support for individuals training employees.

I rang the tax office to ask if our nanny's course fees – she has registered for a six-year part-time degree course in subjects relevant to her job – would be an allowable expense against my personal tax.

The response – a snort and "this is a new one on me" – perhaps said it all.

It seems that not only do businesswomen have to pay for child care out of taxed income – even though I could not run my business without this back-up – but the government does not even support those who carry out the training philosophy for every employee.

The final word comes from the tax office. No, they said, a nanny cannot claim personal tax relief if she pays the course fees herself – even though the course is relevant to her job. According to the tax office this is because it is increasing her marketability and career chances. It would be interesting to hear their views on what they think business training across the country does for the individuals.

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Private sector cannot support state pensions if tax incentives cut

From Mr Roger Westwood.

Sir, Readers of Barry Riley's Long View (July 10/11) could be forgiven for concluding that the expressions of concern from within the pensions movement following the spring budget simply represent the special pleading of a handful of rich members of large pension schemes.

This is not so. Our concern is this. The government is sending very clear signals that the whole working population should look far more to arranging its long-term retirement savings through occupational or personal provision, rather than through the state. Yet the spring budget dealt a hefty blow to confidence that there will be a tax regime which encourages long-term saving, as opposed to short or medium term consumption.

The government announced on March 16, without any consultation, that with effect from April 6 it will be divesting £600m from individuals' savings for retirement into its own coffers (that is in effect what the budget reduction in pension funds' tax credits did). This cannot be perceived as encouraging employers to sponsor occupational pension schemes or individuals to make personal provision. All the less so when the tax credit is uncoupled from the rate of Advance Corporation Tax, raising fears of a special tax on pension funds' investment income, involving further transfers from individuals' savings to the Treasury.

The freezing of the earnings cap adds to the long-term problems which the cap will in any case bring. The cap only affects highly paid individuals but, because it is linked to prices which rise more slowly than earnings upon which many individuals' pensions are based, it will, over time, bite ever lower down the earnings scale. This means that the longer one has to save to retirement the more likely it is that one will find oneself penalised by the cap, with the added possibility now that the government will accelerate the process by freezing the cap.

Again, hardly an incentive to long-term retirement saving.

In our contacts with the Treasury we have emphasised that, if private retirement saving is to shoulder some of the burden now carried by the state, the current relatively modest tax incentives for such long-term savings need to be maintained.

Equally important, to foster the confidence needed to save for tomorrow what one could consume today, the government needs to give a clear statement that the incentives will be maintained.

Roger Westwood,
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Age related national insurance

From Mr Malcolm T Ballisat.

Sir, Your editorial "Second best pensions" (June 30) highlights the cost implications of an ageing population.

The comments on defined contribution schemes are correct but incomplete.

It is possible to change the investments towards retirement, for example, to move from equity-based investments to gilts and index-linked stock so as to match the changes in annuity rates.

Action needs to be taken over the high commission rates paid on personal pensions and it is disappointing that the latest proposals on investor protection appear to be against the disclosure of commissions.

An important point that needs addressing is how to ensure that those in employment do save for retirement. Younger employees do not believe they will ever retire and have more immediate calls on their income.

One approach would be for age related National Insurance contribution rates to be introduced and the reduction made to younger employees to become a mandatory savings scheme.

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Friday July 16 1993

Towards open government

A STRANGER to UK shores might conclude that Britain was about to adopt a Freedom of Information Act, so persuasive was Mr William Waldegrave yesterday that his new white paper would bring open government. Mr Waldegrave announced a further increase in the amount of official information available to the public. And he proposed that the parliamentary ombudsman should police Whitehall's performance in opening up access to information.

True, the white paper proposes a lengthy list of exemptions from the presumption of access to official information. This includes information given in confidence, information on the effective management of the economy, incomplete analysis and commercially sensitive information. As Mr Waldegrave points out, however, even countries with freedom of information legislation permit exemptions, often for categories not so very different from his. Whether yesterday's white paper marks a step forward will depend on how permissive government bodies are in deciding whether these exemptions apply in particular cases.

Take, for example, the new right of access to health and safety information. If that works well, it will remove at one stroke the biggest single cause of complaint over government secrecy. It ought to mean that the Transport Department publishes the data it collects on the pollution standards and safety of new cars. But if this information is covered by the exemption on third party commercial confidences, the complaints will not abate.

Similarly with the other significant new right in yesterday's white paper – access to personal files. The most important part of personal records is often observations from third parties which might be covered by the exemption for information given in confidence. To be denied these would in many cases render the right of access nugatory.

Decisions over the coverage of the exemptions will be policed by the parliamentary commissioner, the ombudsman who investigates maladministration in central government and the health service. There is much to commend in this choice, since the ombudsman offers a cheaper and probably faster appeals process than would the courts. His is also a well-established office, with experience of scrutinising official papers and ruling on complaints. Although he cannot force departments to comply with his decisions, they are almost invariably accepted. He is accountable to parliament through a Commons select committee, which ought to be strengthened with a view to increasing his authority in his new responsibilities.

The success, therefore, of the drive for greater openness will rest with the ombudsman. If he takes a robust attitude in assessing the public interest when considering appeals, then yesterday's white paper could mark a real step forward in rolling back the secretive culture of Britain's public administration. Until the practical workings of these procedures can be judged, there will be widespread scepticism about Mr Waldegrave's reforms. At present, access to UK government information is often easier in Brussels, Washington or even Moscow than in London.

Private data

IN THE same week that the British government admitted that too much public information was being kept secret, Mr Eric Howe, the data protection registrar, said new laws might be needed to stamp out a black market in personal information.

Mr Howe pointed to evidence that private investigators were tricking or bribing employees of financial institutions and utilities to reveal information about their customers, which is then mainly sold to debt-collection agencies or lawyers in messy divorce cases.

Mr Howe also questioned the practice among financial institutions of swapping information about their customers via credit reference agencies. He is worried that some banks have made it a condition of providing loans or opening accounts that customers agree to information being passed on in this way – a concern also raised yesterday by Sir Bryan Carsberg, director-general of fair trading.

While bribing employees to reveal confidential information is clearly intolerable, that does not mean new laws are needed. Under the Data Protection Act, it is already an offence for a company to disclose computerised personal data knowingly to anybody it has not identified for this purpose in the data protection registry.

The snag is that companies often circumvent the spirit of this rule by describing those to whom they might transfer data in broad categories – such as anybody who makes inquiries. Before considering new laws, it would be better to put pressure on financial institutions and utilities to use narrower descriptions, so making clear they will only reveal information where they have customers' express permission.

Similarly, although swapping information about customers obviously helps financial institutions cut down bad debts, that is not a sufficient reason to breach confidentiality. Under their code of practice, banks are theoretically committed not to disclose data unless customers give consent. But requiring consent as a condition of trade makes a mockery of the code.

Mr Howe already has powers to stop the practice by declaring it contrary to the Data Protection Act's provisions that information should be collected fairly. He should use them.

Felipe's burden

MR FELIPE GONZALEZ may be about to discover the fact of contemporary political life that has plagued Mr John Major over the past year: securing re-election for your party is sometimes only the beginning of a prime minister's problems. As he embarks on his fourth term, this time at the head of a minority Socialist government, the economic and social challenges facing the Spanish leader are greater than at any time in his 11 years in power. The trouble is, the political base from which he intends to try to confront them is as weak as it has ever been.

Personal triumph as it undoubtedly was, Mr González's convincing election victory last month could soon look a bit hollow. His new government is weakened by the absence of the Catalan and Basque nationalist parties, which he spent weeks trying to lure into coalition. They may not bring the new administration down in the near future, but they may carp from the sidelines if the economic medicine it forces on Spain is not to their liking.

More worrying is the composition of Mr González's new ministerial team. To be sure, he has won himself a relatively free hand by excluding from its ranks the left-wing Socialist party ideologues who have impeded economic reform in the past. He should be able to keep the parliamentary party in check with the assistance of his most capable lieutenant, Mr Carlos Solchaga, who has moved from the economy ministry to become chief Socialist spokesman in parliament. But he still has to face down his opponents at a full-scale party congress in a few months.

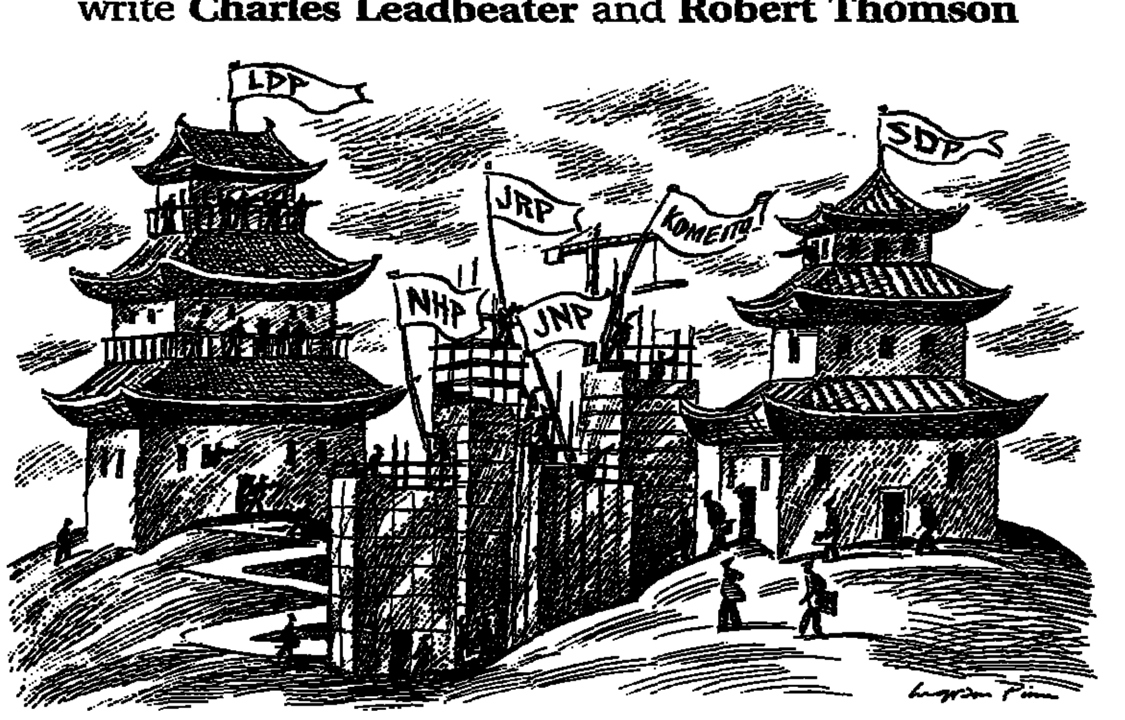
Mr González has paid a price for securing a like-minded but colourless cabinet. The economic team is composed of a party man and a technocrat – respectively, Mr Narcis Serra and Mr Pedro Solbes – with no particularly strong policy convictions. It is not clear that they have either the instincts or the stomach to spearhead a programme of painful surgery and radical reform.

The need for both is immediate. With recession curbing tax revenues and sending unemployment – already the severest in the European Community – to new heights of 22 per cent of the workforce and more, the public sector budget deficit is spiralling out of control. Inflation, though currently on the way down, is still higher than that of Spain's EC neighbours, and liable to start rising again unless Mr González can secure a wage restraint deal with the trade unions and convince the currency markets that the peseta is not still heavily over-valued. And renewed economic growth, which Spain needs most of all to cut the dole queues, recedes further into the distance the longer the government ploughs on with its dogged attempt to achieve economic convergence with its EC partners.

The task of getting the public finances and the macro-economy on an even keel, though, is just the beginning. If convergence is to bring Spain sustainable, non-inflationary growth, it will have to be accompanied by structural reforms more radical than anything Mr González has yet seemed ready to contemplate – especially in the labour market. Unless he is prepared for the years of strain that this will place upon his party and his country, he may yet have to consider an alternative course.

House of the rising reformers

Japan's election will transform the political landscape, write Charles Leadbeater and Robert Thomson



Japan will emerge from this weekend's general election with conservatives in a stronger position than perhaps at any time since the end of the second world war.

That the resurgence and modernisation of Japan's conservative politics will be the main outcome of the election may seem paradoxical. After all, the turmoil was set off a month ago by a split in the ruling Liberal Democratic party which now threatens its 38-year grip on power.

The June 18 defection of more than 50 LDP members of the parliament's lower house led to the Miyazawa government's defeat in a no-confidence vote and the formation of three conservative parties which will contest the election on Sunday.

Large-scale opinion polls conducted over the past few days and the Tokyo metropolitan council elections two weeks ago have suggested the likely outcome.

The main casualty could be the socialist opposition, the Social Democratic party. The anti-LDP protest votes which have usually gone to the socialists are likely to go to the new conservative parties, the Japan New party, the Japan Renewal party and the New Harbinger party. They hope to be especially popular among younger, independent, urban voters with their concentration on political reform and consumer-oriented policies.

The LDP is not facing an electoral catastrophe. It is unlikely to win an overall majority, yet it is almost certain to emerge as the largest party after the election, which will bring to a close the first act of a political drama that could run for weeks, if not months.

The days after the election will probably be dominated by hectic and confusing negotiations over the formation of a coalition government, with black cars ferrying politicians in shiny suits between Tokyo hotels. During this transition period, the traditional ingredients of Japanese politics will come to the fore, as party leaders horse trade over positions and patronage rather than debate policies and principles.

There is likely to be a second election soon after the first under revised electoral laws. Reform of Japan's corruption-riddled electoral system has been the only national issue in the campaign, and will be the new government's first priority.

However, amid the confusion and instability of the next few months, two issues will determine whether changes will be lasting. Are the new conservative parties just a fad, or a third force which could rewrite the character of Japanese politics?

Will the upheaval lead to different policies being pursued by the future Japanese government? In particular, will the Japanese political script be rewritten by younger leaders who want the country to play a larger, more assertive and independent role in world affairs?

The election will be the first step to answering these questions. There are four possible outcomes:

- The least likely is an outright LDP victory. It is defending 227 seats and needs a further 30 to win an overall majority in the 511-strong lower house of parliament. Yet the strength of the LDP's local organisation means it is likely to maintain its core support.
- A coalition government between the SDP, smaller centrist parties such as the Komeito, the clean government party, and the conservative Japan Renewal party is a marginally more probable outcome.

Such a coalition may not, however, get the numbers. Opinion polls suggest the SDP could lose between 40 and 70 of its 140 seats. In the Tokyo local elections it lost half its seats. The Japan Renewal party, led by Mr Tsutomu Hata, the former LDP finance minister, is fielding only 69 candidates and may win 40-50 seats, and the Komeito is expected to retain its 46 seats.

Even if the opposition drew the Japan New party into the coalition, to give it a majority, it would be sharply divided over policies and personalities. The SDP adheres to a foreign policy which predates the end of the cold war and is at odds with the new conservatives. Mr Morihiro Hosokawa, the JNP leader, is a bitter rival of Mr Ichiro Ozawa, once the power behind the LDP throne, who is playing the same role in the Renewal party.

- Much more likely is a coalition led by the LDP if, as expected, it wins between 210 and 230 seats, with the Japan New party and the New Harbinger party (which plan to merge after the election), if they win about 50 seats between them.

Such a coalition might provide the catalyst for the LDP's renewal and revival. The election may pave the way for younger, more reformist leaders to take over the helm at the LDP. Senior LDP officials believe that, with the JNP's help, the party could weather the worst of the storm by helping to give it a reformist image as a precursor to resuming its role in later elections as the natural party of government.

Shrewd political observers in Japan's bureaucracy believe the JNP's appeal could prove short-lived. Its policies are vague. It is largely a vehicle for the ambitions of its leader, the aristocratic Mr Hosokawa. He might be drawn into the LDP fold by the promise of a job such as foreign minister.

- As likely as an LDP-led coalition is further fragmentation which could prolong instability. Mr Ozawa believes the opposition parties will have the numbers to threaten a no-confidence motion at any time even if they cannot form a government. He foresees further defections of young reformers from the LDP and a split in the SDP after an electoral setback which would force it to revise its policies, a development which a hardline minority might find hard to stomach.

Whatever the precise standings of the parties and the details of their plans for political reform, this election is part of a fundamental process which is reshaping Japanese politics. It will not end this weekend. The centre of gravity of the entire political system is shifting, in a belated response to the economic and social changes which have swept Japan as it has become perhaps the strongest economy in the post-cold-war world.

The old dividing line between left and right is increasingly irrelevant. For the foreseeable future the most important divide in Japanese politics, which will cut across the main parties, will be between modernisers and traditionalists.

This new divide has several components. There is a growing generational rift between the young and the old, and also between the cosmopolitan, urban middle class and the provincial working class.

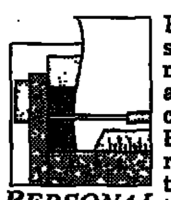
Supporters of political reform are spread through all parties. Elderly defenders of the status quo congregate in both the LDP and the SDP. Reformers in different parties often have more in common with one another than with their seniors within their own party. The believers in Japan's old foreign policies – the right's adherence to US leadership and the left's pacifist opposition to it – are at odds with the young realists in all parties who want Japan to play a more assertive, independent world role, symbolised by their enthusiasm to dispatch Japanese troops to serve abroad in United Nations peace-keeping operations.

The rise of the new conservative parties to challenge both the established LDP and the SDP could be the vehicle for transmitting the conflict between modernisers and traditionalists into the political arena. Across the political system the balance of power is swinging in favour of modernisers, whether they are young LDP politicians who want to appeal to voters with consumer-oriented policies or their socialist peers who want to ditch old policies, such as support for communist North Korea.

The divide between young and old will be enduring and could provide fertile soil in which the new conservative parties will take root. It is reflected in the business community, which finances politics, between domestically oriented construction companies and small retailers, on the one hand, and international manufacturing and financial companies on the other.

The stronger the performance of the established parties, the LDP and the SDP, the slower will be the pace of modernisation. The stronger the performance of the new parties, the quicker will be pace of change. In large part this is because the success of the new parties will force the older parties to respond by adopting the reformist policies advocated by their younger members. The election will allow the young modernisers who will lead Japan into the next century their loudest shout yet. It is unlikely to be their last.

A big dimension to the small screen



PERSONAL VIEW

Forecasting the success of new media has not been a conspicuous success. Kenneth Baker is still remembered as the technology minister who, in 1982, predicted that multi-channel cable television would be in every British home by the end of the 1980s.

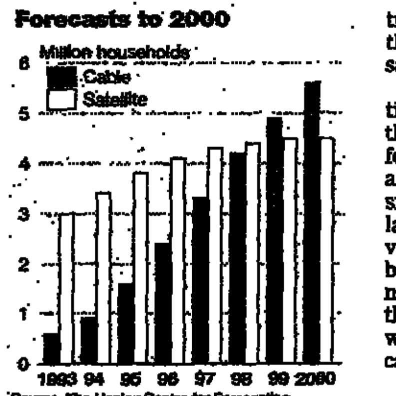
Even when cable failed to materialise, the optimists were undaunted: the launch of direct-to-home satellite (DTH) television in 1989 saw forecasts of 8m dish households by the middle of the 1990s. The year of take-off was to be 1993. Instead, the first few months have been among the worst for dish sales since satellite TV started.

With satellite's share of viewing hovering at about 5-6 per cent of the total, it now seems that satellite channels are unlikely to challenge the mainstream terrestrial broadcasters, and will remain at the margins of most people's viewing behaviour. This is not so much a verdict on the nature of these channels as a statement about the need for more television. Increasing the number of channels has made very little difference to the amount people watch, and the principle of paying for television beyond a licence fee is still an alien concept to a country brought up on "free" consumption. As the disappointing take-up for Premier League soccer on Sky Sports has shown, most households will not pay even for programmes they watched when there was no subscription fee.

Given Kenneth Baker's embarrassing pronouncements 10 years ago, it might therefore seem foolish to start predicting a big expansion for cable.

But cable is different because it offers enormous potential beyond the simple addition of more TV channels. Even now fibre-optic technology allows cable subscribers to shop or bank from home, to choose coverage of a soccer match from four different channels or to participate in quiz shows. The interactive capacity of cable offers a dimension to the small screen more in tune with the new generation of domestic technology than old-fashioned notions of passive TV viewing.

Forecasts to 2000



Source: The Henley Centre for Forecasting

Cable has two further advantages which a survey commissioned by the Henley Centre suggests will be vital selling points. First is the opportunity to offer cheaper telephony than the existing BT or Mercury tariffs. When non-cable or satellite subscribers were asked whether they would subscribe to cable if it offered cheaper telephone bills, 24 per cent said they would be very or fairly likely to. This contrasts with the 9 per cent who said they were very or fairly likely to get satellite television in the next year.

Cable's second advantage – potentially the most powerful, and so far the least exploited – is the facility for making local TV programmes, aimed at communities of much smaller size than ITV regions. For largely historical reasons local television has never featured in Britain, but when this option was put to non-cable or satellite subscribers in the survey 31 per cent said they would be likely to subscribe to cable if it offered local programmes.

The attraction of cable presupposes the ability and willingness of cable companies to exploit fibre-optic technology in a way that will maximise consumer interest. Some have already started to switch their emphasis from television to telephony and are reaping the benefits.

It means investing money in local entertainment, information and current affairs programmes. It also means persuading other organisations, businesses and agencies to participate in the electronic revolution. Home shopping is only possible if the local branch of Sainsbury or Marks and Spencer is prepared to offer and respond to screen-based shopping lists. Local information benefits are only realisable if local authorities use the opportunity to convey the kinds of information which local citizens require.

Assuming cable companies can harness these advantages, it seems that a genuine demand exists for something different from and more sophisticated than traditional TV.

Satellite's technological limitations will, within five years, make the dish an anachronism, and our own forecasts suggest that by the end of 1998 cable penetration will have overtaken satellite.

It is a new dimension to the TV screen which will transform the living room in much the same way that computers and IT have transformed the office.

Steven Barnett

The author is editor of Media Futures, a new study on the changing communications environment from the Henley Centre, to be published next week

OBSERVER

The garden path

■ Is the Queen seeking to take over the power base Labour leader John Smith wants to put down? The question set political watchdogs' noses a-quiver on news that extra tickets for yesterday's royal garden party had been sent to Congress House.

False scent. They were a mark of the Queen's regret at missing the congress's 125th anniversary party on Tuesday.

The eager welcome they were given didn't please everyone. "It's such hypocrisy," remarked one TUC official. "They spend most of the year laughing at the monarchy and, given half a chance, they're fawning like everyone else."

Meanwhile, at the Iraqi arms sales inquiry just across from the palace, Lord Justice Scott unexpectedly brought former foreign office man Mark Higson's spell-binding evidence to an end by lunchtime, then hurried out.

Was he clearing the afternoon for an even more startling witness, from MI6 perhaps? "No," came the answer. "He's going over the road."

Blame's familiar

■ A crumb of comfort for John Major. While the Brits rank him the most unpopular premier in memory, at least the bulk of them know who he is.

Indeed, according to a new EC survey, more of his fellow citizens are aware that he is the present occupant of 10 Downing Street than know where 10 Downing Street is. The 98 per cent naming Major as prime minister compared with 94 per cent able to identify London as their country's capital.

His only two European counterparts better known to their electorates were Germany's Helmut Kohl and Spain's Felipe González at 99 per cent apiece. The obscurity prize went to Edouard Balladur of France with a dismal 80 per cent.

See-saw

■ Ironical, perhaps, that on the day Great Universal Stores decides to reduce its share capital from two classes to one, it ups from one Lord Wolfson on the board to two.

Legal beagle

■ Whatever the outcome of the legal battle shaping up in Germany between General Motors and Volkswagen over the defection of executives to VW, it's unlikely to damage the reputation of one of GM's brightest stars, 50-year-old Harry Pearce.

Pearce heads GM's legal department and he likes nothing better than a good fight. He won his first GM battle honours back in February when he took on the NBC television network. In a masterly two-hour press conference, he produced compelling evidence that NBC had rigged a fiery crash of a GM truck and he eventually won a public apology from the network. Now he's been handed another juicy legal battle where he can once again show his mettle. How other corporate lawyers must envy him.

'There was a peasants' revolt while you were away fighting for British democracy, my lord'

But Pearce is much more than GM's top lawyer. Last November, when a palace revolution shook up GM's top management, Pearce was the surprise choice to become executive vice-president responsible for the group's two non-automotive operations – Electronic Data Systems and GM Hughes Electronics – both very large businesses in their own right.

His elevation underlines the more open, creative approach to management ushered in by November's upheaval. For, while GM's top executives tend to be long-time company employees, many of whom have worked their way up on the finance side of the business, Pearce is an attorney and only joined the group in 1985.

Before that, he was working in obscurity as a trial lawyer based in one of America's most rural states, North Dakota, where he grew up. On one occasion, he so unnerved a witness that the man began eating his tie.

Turkish delight

■ Fugitive tycoon Asil Nadir may no longer be on John Major's guest list, but he can still rely on the Turkish political elite to turn up at his parties. Monday's edition of his Kibris newspaper, celebrating its fifth birthday, showed a beaming Nadir on its front page, together with Turkish Cypriot prime minister Derviş Eroğlu, Turkish army commander General Yaşar Spor and the man better known to the Greeks for his part in the 1974 invasion of the island, Orhan Killercioglu, until May the Turkish minister responsible for Cyprus. The only absentee was Turkish Cypriot strongman President Rauf Denktash who has described Nadir as his "economic lieutenant".

Rogues gallery

■ While still on the subject of fugitives and their fan clubs, remember Agha Hassan Abedi? There must be many small depositors in the collapsed Bank of Credit and Commerce International who wish they had never heard of the bank's Pakistani founder. Not so the founders of Pakistan's Ghulam Ishaq Khan Institute of Engineering Sciences and Technology.

The privately funded university, named after Pakistan's current president, has rewarded Abedi for his generosity by naming its main auditorium after him. Abedi is not the only controversial figure associated with the new seat of learning. Abdul Qader Khan, a leading light in Pakistan's nuclear programme, is directing the construction. He was chosen for his reputation for getting things done against the odds.

Contracting-out

■ The vetoing of the £1,500-a-head charge for adopting children may have stymied the FT reader who last weekend put his five sons up for sale. But they're still holding to their counter-offer of twice as much to anyone who'll tow their father away.

FINANCIAL TIMES
Friday July 16 1993

Move hailed as breakthrough in bank's acceptance of market principles

Russia lifts interest rates to 170%

By John Lloyd in Moscow

RUSSIA'S central bank has raised its interest rates this week to 170 per cent, double the level of a month ago, in what is being hailed as a breakthrough in the bank's acceptance of market principles.

The rate represents a much higher real annual rate, because of its method of calculation. Russian banks grant credits on a monthly basis, at one 12th of the annual rate, or just over 14 per cent a month. This is equivalent to about 400 per cent a year, not far short of the inflation rate, now running at 15 per cent a month.

One western expert in Moscow said yesterday the higher rates marked a real step forward by the bank, not just because interest rates had gone up, but because there was "now an intellectual acceptance that interest rates should reflect the real cost of money, and that these should be borne by the borrower".

The move, coupled with decisions by the government to liberalise coal prices, slash budget expenditures by 20 per cent and limit credits this year to other members of the Commonwealth of Independent States to Rbs800bn ($762m), is seen by the world financial institutions as the most convincing promise of tough financial discipline for many months.

Such promise has also been accompanied by some economic gain, with the rouble stabilising at about 1,050 to the dollar, and production falls slowing.

However, Mr Boris Fyodorov, the deputy prime minister for finance, is now under intense pressure from industry to relax his policy. The International Monetary Fund and the World Bank, in charge of disbursing the assistance to Russia which was agreed at the US-Russian summit in Vancouver in April and the Group of Seven industrialised countries' Tokyo summit earlier this month, see the next two to three months as critical.

There is now intense debate within the financial institutions and G7 governments on when the second $1.5bn tranche of the "systemic transformation facility" should be awarded. Senior officials in the US administration believe there is sufficient proof of Russian good intentions to pay it, but the IMF remains more cautious.

The coal price liberalisation is particularly controversial in Russia, since coal producers are claiming they will need to raise prices by four or five times to compensate for the loss of government subsidies. Steel and other metal producers argue that the higher prices will cost them the price advantage they enjoy over western producers – a price advantage which has triggered accusations of dumping, especially of aluminium.

Mr Boris Yeltsin, the Russian president, will come under intense pressure from industry groups and the regions to loosen the constraints when he returns from holiday in late July.

The pressure will come at a time when he is attempting to keep regional support for a new constitution.

"We have at last reached the point where we are hitting the real issue," said the same western expert yesterday.

Quotas for diamond and gold industries, Page 3

Italy seeks to ease dispute over its Somali peace force

By Robert Graham in Rome

THE ITALIAN government yesterday sought to calm the dispute over its 2,600-strong peacekeeping contingent serving with the United Nations in Somalia.

In an effort to restore a dialogue, Italian diplomats will today meet representatives of the UN and the US State Department in Mogadishu, the Somali capital. "We must try to lower the temperature of the argument as soon as possible," Mr Beniamino Andreatta, the Italian foreign minister, told parliament.

Mr Andreatta disclosed that he had been in close contact with Mr Warren Christopher, the US secretary of state, in an attempt to lower tension over Italy's criticism of US military "enforcement" tactics in Somalia. He said Mr Christopher had written him a "friendly" letter yesterday.

"We are in Somalia and wish to remain there," Mr Andreatta added. "We are well aware that one has to shoot and use force. But it is still the sovereign right of a government to have differences of view on these issues."

It is the first time in recent years that Italy has been in such open disagreement with allies and an international body such as the UN. The Mogadishu meeting follows two days of increasing tension between Italy and other members of the UN force in Somalia, headed by General Civek Bir, the Turkish commander, over the way the peacekeeping operation has moved towards peace enforcement.

The row led Mr Koffi Annan, in charge of all UN peacekeeping operations, to call for removal of General Bruno Loi, the Italian commander, for defying UN orders. The Italian government replied by giving full backing to Gen Loi and threatening to pull out of Somalia.

As a gesture of support for Gen Loi, the government announced yesterday he would be visited by General Mario Buscemi, deputy chief of staff. This suggests the Italian government will strongly resist the UN call for Gen Loi's early removal. Italian officials insisted such a decision anyway rested with them, not the UN.

Despite the effort to improve relations, there was little evidence that differences between Italy and the UN had narrowed.

The Italian military in Mogadishu and the Italian government believe the UN mission in Somalia has moved down a dangerous path, by relying on military power and by shedding impartiality to brand General Mohammed Farah Aideed, the main Somali warlord, as an outlaw.

P&G plans 12% job cuts

Continued from Page 1

fourth quarter and expected to report double-digit earnings growth for 1992-1993, excluding special reserves and accounting changes.

Some $1.2bn of the restructuring charge is for manufacturing consolidation, with the remainder for cost reduction measures.

The company is also taking a $925m charge to adopt retroactively two new accounting standards involving retirees' health benefits and taxes.

Taken together, the various charges will reduce its 1992-93 net earnings by some $2.5bn, or $3.72 a share.

P&G said reasons for the plant closures included the fact it had acquired 79 new plant sites since 1982 but had closed only 24, leaving opportunities to lower product costs. The growth of global brands also meant economies of scale and the need for fewer operations.

Public 'misled' on Iraq policy

By Richard Donkin in London

MEMBERS of the UK Parliament and the public were consistently misled by the Foreign Office about government policy on arms sales to Iraq, a former Foreign Office official said yesterday.

Giving evidence to the Scott inquiry into defence sales to Iraq, Mr Mark Higson, a former desk officer for Iraq at the Foreign Office, said that before the end of 1988 the government started operating two different sets of guidelines.

Foreign Office and trade ministers relaxed strict guidelines towards Iraq in April 1989 to win lucrative arms deals. However, ministers insisted in public that the guidelines were still being operated impartially.

"There would have been trouble from the public and MPs if we had announced publicly that there had been a relaxation in favour of Iraq," said Mr Higson, who left the civil service, partly because he disagreed with the way policy was being applied.

He said the sham policy was "churned out" time and again for MPs and the public, even on one occasion, in a letter from the then-foreign secretary, Sir Geoffrey Howe.

Mr Higson, who drafted the reply on the foreign secretary's behalf in June 1989, said the letter had not been a truthful answer to a query from Mr Peter Shore, the Labour MP, because it did not reflect the policy being applied at the time.

Miss Presiley Baxendale, counsel for Lord Justice Scott, said of the Howe letter: "It is misleading and not a truthful answer to Peter Shore's letter?"

Mr Higson replied: "Yes."

His obligation had been 100 per cent to the Foreign Office, he said, and he had maintained the sham policy regardless. "It was my duty," he said.

The government had considered Iraq "the big prize" when the Iran-Iraq war ended, he said. This was recognised by Mr William Waldegrave, then a junior minister at the Foreign Office, in a note he wrote on a departmental memo in October 1989.

He wrote: "I doubt if there is any future market of such a scale anywhere where the UK is potentially so well placed if we play our diplomatic hand correctly... We must not allow it to go to the French, Germans, Japanese, Koreans etc."

Mr Higson said: "However distasteful we found the Iraqi regime, we could not afford to be left behind... in the development of trade links and we were in a prime pole position."

EBRD refit

Continued from Page 1

of the partnership, Berthet et Pochy, "appears to have been appointed" to do some initial work for the bank at its previous headquarters on Mr Attali's recommendation. BPSG was subsequently appointed to work on the Exchange Square project without competitive tender.

BPSG's work was supposed to be managed by the main contractor, Bovis. The report, however, cites a UK government memo which quotes Mr Berthet as saying he received design instructions from Mr Attali, "often, over the weekend, in Paris".

BPSG's fees and expenses from the project have totalled more than £3m, though the report says these are reasonable. However, Berthet et Pochy is gaining additional royalties, because it designed chairs, some desks and work stations for the project.

THE LEX COLUMN

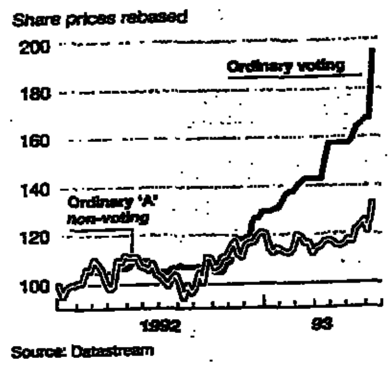
Universal suffrage

Lord Rothschild's psychic powers were at full stretch this week as St James's Place Capital added to its holding of GUS voting shares just before the vast majority of shares were enfranchised. While the terms of compensation to the voting shares were perhaps a little disappointing, and the share price response relatively muted, Lord Rothschild's main reward has come in the outperformance of GUS's voting shares against non-voting equity since the turn of the year. Indeed, that rise may be one reason why the Wolfson Foundation finally acted on a suggestion which has been floating around for a generation.

The Foundation may also have felt more able to let go of its security blanket because the threat of a bid is now remote. The equalised voting and non-voting shares seem to have settled out at around £19 in the market, while the net worth is only £13.35 a share. With bids at a 25-year low, that is hardly likely to attract a predator. Yet the dilution in Foundation votes from outright control to less than 2.5 per cent of the equity certainly exposes the board to more institutional pressure. Companies with substantial cash and strong cash flows get plenty of encouragement to put the money to work. True, GUS's earnings and dividend record is enviable, but the current yield is hardly generous, and piling the company's money into gilts will hardly provide long-term growth.

Perhaps the spark will come from one of the new non-executive board appointments. Lord Wolfson of Marylebone, the current chairman, may possibly be considering retirement. Lord Wolfson of Sunningdale has done a sterling job at Next, and is a possible replacement. Since these changes seem designed to release value for shareholders, he may now consider disposal of high value brands such as Burberry. Perhaps other parts such as mail order will be floated off. The extra cash which property or financial services do not need may even find its way back into shareholders' pockets.

FT-SE Index: 2831.7 (-0.6)



Source: Datastream

Currencies

Since the franc got little practical help from yesterday's Bundesbank meeting, speculators must be wondering whether they can force France out of the ERM before the next council meeting. Things look finely balanced, with the all-too evident souring of the French economy in marked contrast to optimism about German prospects. Against that background, the interest rate rises apparently required to support the franc simply do not look credible.

Yet all is not lost. The technical shortage of Euro francs limits the speculators' ammunition, and enthusiasm over Germany looks premature. There is also a shift in the markets' focus from short term interest rates as the only prop for currencies and towards a view of good economic prospects as a support. Doubtless the French wish to tread carefully, but they may yet have to consider desperate remedies. A substantial cut in interest rates would certainly call the speculators' bluff. And given the determination of both French and German governments to hold the line, the franc might even stand an outside chance of remaining within the system.

Welsh Water

Welsh Water's triumph of hope over experience shows just why investors are right to be cynical about diversification. Its foray into environmental services came to nothing, while the stake in South Wales Electricity yielded a profit but hardly a strategy. Hotels – a natural for a water company with the vertical integration of en-suite bathroom plumbing into the sewerage system – predictably ended in tears. Now there is the Acer engineering services business, which was acquired for £49m in February, and after further investigation apparently requires a £40.4m goodwill write-off. The board confidently expects Acer to be earnings-enhancing this year. After that kind of write-off, it would be surprising if it were anything else.

It is all such a contrast to the serenity of the main water business. Welsh still has a strong balance sheet, though it may move into net debt this year. Its capital expenditure requirements are lower than most and, while that may lead Ofwat to impose a tough price cap, Welsh can easily absorb the pain. Dividend cover is still high and while earnings will be under pressure after the price review, there is no reason why Welsh cannot cut cover and increase gearing to pay for dividend increases for many years. Given its manifest destiny as a utility, one wonders why Welsh Water struggles so vainly to become anything else.

Rank Organisation

It is always fun watching the stock market change its mind mid-way through a trading session. Yesterday's reaction to Rank's interim results was a classic example. The initial response to the company's accelerated dividend payments and enhanced scrip alternative was that of a child in receipt of a bag of sweets. But then it dawned that the change meant Rank, which is mainly bought as a yield stock, would not make another pay-out for a year.

Such market volatility may only be temporary. Yet there are more substantial concerns affecting Rank. The company takes a decidedly cautious view about recovery. Indeed, the US appears to be growing stickier by the day. Moreover, Rank is less operationally geared than many other leisure businesses. Having sold its most cyclical assets, such as hotels, it will not see a rapid upswing in demand. The differing effects of lower interest rates on its 200m customers are an added complication. Youngsters with higher income may dash out to the disco more often. But middle-aged couples feeling the pinch are seeking better value summer holidays, while pensioners with bulging building society accounts are indulging less on bingo. All this suggests Rank's progress may be rather soggy. And, although Rank Xerox has endured the recession well, its contribution to profits is unlikely to rise rapidly either.

With net borrowings topping £1bn, Rank has limited scope for acquisitive growth. If fully taken up, the enhanced scrip alternative may ease the strain since it is in effect a mini-rights issue. But unless big disposals are forthcoming, there is likely to be more excitement elsewhere in the leisure sector.

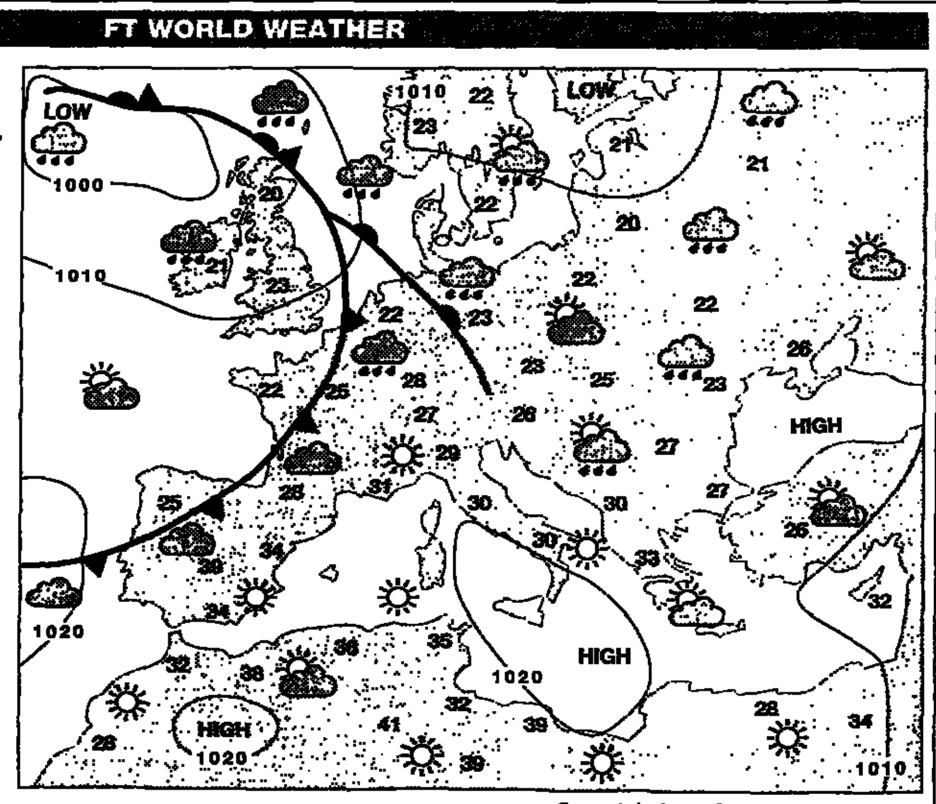
FT WORLD WEATHER

Europe today

High pressure will influence the Mediterranean, and it will be sunny and warm. Afternoon temperatures will rise to around 30C in Italy and Greece, and in the Balkan States it will be only slightly cooler. Over the Balkans a few afternoon showers will develop. The highest temperatures will be in the interior of Spain and Portugal, where the readings will be around 40C. A frontal system will bring cloud over the Low Countries, western France and Germany. In spite of the rain, it will be rather warm with 22C-28C. Low pressure will bring rain to Finland and northern Sweden while central Scandinavia will have sunny spells.

Five-day forecast

Low pressure areas will keep dominating the northern half of Europe resulting in rather unsettled conditions. By the weekend, a new frontal system with rain will cross the UK. By Saturday a low pressure area will develop, over the Alps, causing a lot of rain rain, especially by Monday. The French Alps will stay dry until Sunday. On Monday and Tuesday colder air will push into France causing several showers. The Mediterranean will remain sunny with afternoon temperatures well above 30C.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	40
Accra	cloudy	27
Algiers	sun	38
Amsterdam	rain	21
Athens	sun	31
Bangkok	shower	32
Barcelona	sun	29
Beijing	shower	31
Belfast	shower	20
Belgrade	fair	28
Berlin	cloudy	24
Bermuda	fair	31
Birmingham	fair	23
Bogota	shower	18
Bombay	rain	29
Bordeaux	sun	28
Brussels	rain	24
Budapest	fair	25
Buenos Aires	fair	12
Cairo	sun	34
Cape Town	rain	17
Caracas	fair	30
Chicago	fair	28
Cologne	fair	25
Copenhagen	rain	21
D' Salaam	fair	29
Dakar	fair	31
Dallas	fair	36
Darwin	fair	30
Delhi	thund	35
Dubai	sun	37
Dublin	shower	21
Dubrovnik	sun	30
Edinburgh	rain	20
Faro	sun	31
Frankfurt	fair	27
Geneva	fair	29
Glasgow	shower	18
Hamburg	rain	22
Helsinki	rain	20
Hong Kong	thund	31
Honolulu	fair	30
Isle of Man	shower	19
Istanbul	fair	27
Jersey	rain	17
Karachi	fair	33
Kuwait	sun	46
La Paz	fair	17
Las Palmas	fair	28
Lisbon	sun	31
London	fair	23
Los Angeles	fair	27
Luxembourg	cloudy	24
Lyon	cloudy	29
Madeira	cloudy	26
Madrid	sun	39
Majorca	sun	34
Malta	sun	30
Manchester	shower	20
Manila	thund	32
Melbourne	fair	14
Mexico City	shower	22
Miami	thund	32
Milan	fair	31
Montreal	fair	24
Moscow	thund	20
Munich	rain	25
Nairobi	cloudy	22
Naples	sun	30
Nassau	shower	31
New York	thund	30
Nice	sun	25
Nicosia	sun	34
Oslo	fair	23
Paris	cloudy	25
Perth	shower	16
Prague	cloudy	23
R' de Janeiro	fair	23
Rangoon	thund	29
Rekjavik	cloudy	14
Riyadh	sun	41
Rome	sun	29
S' Francisco	shower	21
Seoul	rain	27
Singapore	shower	31
Stockholm	shower	23
Strasbourg	drzzl	24
Sydney	shower	14
Tel Aviv	sun	31
Tokyo	cloudy	27
Toronto	sun	28
Tunis	sun	35
Vancouver	shower	21
Venice	fair	27
Vienna	cloudy	25
Warsaw	shower	22
Washington	fair	30
Wellington	fair	12
Winnipeg	shower	24
Zurich	fair	27

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COMPANIES & MARKETS
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INSIDE

Full-year optimism as Sandoz gains 10%

Sandoz, the Swiss pharmaceutical and chemicals group, reported consolidated net income up 10 per cent in the first half to SFr998m ($661m) and said a significant increase in earnings was also expected for the full year. Page 16

Time Warner improves 10%

The US media group Time Warner posted a 10 per cent gain in second-quarter operating income to $573m, before interest, taxes, depreciation and amortisation. Page 17

Things go steadily with Coke

Steady volume growth in North America and other developed soft drink markets helped push up net income at Coca-Cola by 20 per cent to $678m in the second quarter, compared with $565m a year earlier. Page 17

Mixed results for S Korean banks

South Korea's 13 main commercial banks reported a 30.2 per cent rise in combined net profits to Won351bn ($434m) for the first half of 1993. However, there are wide differences in individual performances. Page 18

Japan property loans increase

Leading banks in Japan increased their lending to the property sector during the year ended March because of strong demand for emergency loans from stricken companies. Page 18

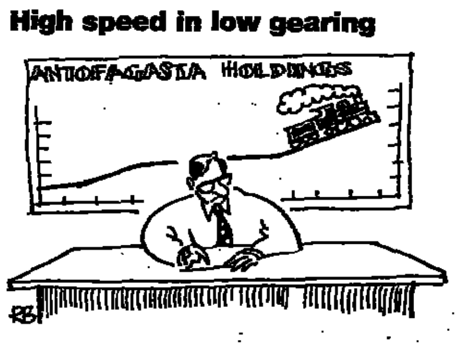
Tiphook riles investors

The 9 per cent fall in Tiphook's share price which greeted the transport rental company's change of accounting policy was just the latest signal of discontent from shareholders. Page 20

TT Group in £51m rights issue

The rapidly expanding UK electronics company, TT Group, which is emerging from a small diversified conglomerate, is to raise £51m ($76.5m) through a one-for-four rights issue. Page 21

High speed in low gearing



Antofagasta Holdings, or "Fags", claims to be the lowest-geared public limited company in the UK and has only a £3m ($4.5m) overdraft that will be paid off by the end of 1993. Although one of Chile's leading copper producers, it was set in motion by the purchase of a railway. Page 30

Italy turns up the volume

The Italian bourse enjoyed turnover of more than L30,000bn ($18.9bn) a month in June, taking it to three or four times the level it averaged in the first half of 1992, despite the corruption scandal. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Didier-Werke	128.8	+	5.3
GEHE	374	+	9.5
Schmalbach Lub	336.5	+	9.5
Falls			
Continental AG	228.5	–	3.5
Herlitz	328	–	8
Lahmeyer	661	–	19
NEW YORK ($)			
Falls			
Bristol-Myers	58¼	–	1⅞
Merck	33⅝	–	1⅛
Novell	23¾	–	1
Scitex	29¼	–	8⅝
Storage Tech	33⅞	–	7⅛
SynOptics Comm	34	–	4
PARIS (FFr)			
Rises			
UFB Locabail	345.5	+	5.5
Falls			
Accor	640	–	18
Air Liquide	745	–	22
Havas	429.5	–	20.5
Lyonn Eaux Dmz	462.1	–	19.8
Orsan	185	–	14.5
TOKYO (Yen)			
Rises			
Akebono Brake	620	+	35
Jastan	1770	+	80
Nippon Kayaku	866	+	32
Showa Denko		+	
Falls			
Chugai Mining	198	–	80
Gajoen Kanko	143	–	80

New York prices at 12.30.

LONDON (Pence)			
Rises			
Avesco	95	+	7
ERF	281	+	21
Edin Fund Man	413	+	28
GUS A	1875	+	110
Hammerson A	322	+	15
Hi-Tec Sports	47	+	5
Man Ship Canal	£26½	+	5
Next	174½	+	7½
Norbain Elect	158	+	19
Olives Prop	38	+	3
Prism Leisure	158	+	6
Sherwood Grp	144	+	9
Simon Eng	50	+	6
Telemetrix	146	+	10
Falls			
Barbour Index	210	–	20
Christie Grp	41	–	7
Hunterprint	41	–	5
OS Hldgs	235	–	70
Ramco Oil	130	–	8
Rank Org	747	–	20

JP Morgan nets second bumper quarter

By Richard Waters in New York

A SECOND consecutive quarter of bumper profits from trading in financial markets pushed second-quarter net income at JP Morgan up by a third, to $431m, compared with the same period in 1992.

Trading income of $989m in the first half, much of it from successful positioning by the bank for falls in European interest rates, exceeded trading revenues of $959m earned in the whole of last year.

The company's shares climbed by nearly $1 to $70⅞ in New York, before easing back to $70⅛ as analysts rushed to upgrade their estimates for 1993 and 1994 earnings.

Describing the second-quarter results as "exceptional", Sir Dennis Weatherstone, chairman, said: "Trading performance stood out, with substantial gains in trading of debt instruments and strong results in swaps and other derivative instruments."

The company added: "Efforts to increase distribution and market-making activities positioned us well for declining European interest rates and appreciating values in emerging markets."

JP Morgan, which has become one of the biggest equity and bond underwriters in the US since the late 1980s, also benefited from continuing high levels of capital raising by US companies in the face of record highs in the equity and bond markets. Corporate finance income reached $115m, up from $110m in the same period in 1992.

Also for the second quarter in a row, JP Morgan made no additions to provisions for credit losses, an unusual record among US banks.

Total provisions amount to more than four times the bank's non-performing loans of $291m. "These reserves will be recaptured – it's just a question of when," said Mr Thomas Hanley, banking analyst at First Boston. He estimated the excess provisions could amount to $2.90 a share.

Trading profits pushed non-interest income up to $1.12bn, compared with $839m in the second quarter of 1992 and $1.1bn in the first three months of this year. There were also strong gains in investment management fees, up to $112m from $92m a year ago, and fees from operational services such as clearing and custody, up from $99m to $121m.

Net interest income, by contrast, fell to $424m from $434m, reflecting a shift towards trading-related activities. This was partially offset by gains from trading interest rate products, the bank said.

Earnings per share, at $2.12, were slightly down from the first quarter's $2.16 ($1.47 after the effect of accounting changes).

Amsterdam city sells stake in Hoogovens

By Ronald van de Krol in Amsterdam

THE CITY of Amsterdam yesterday sold its 5.24 per cent stake in Hoogovens, the Dutch steel and aluminium group, to domestic and international institutions.

The shares, worth Fl 47m ($25m), were placed with the institutions by ABN Amro, the Dutch bank.

The city of Amsterdam, which has owned shares in the company since before the second world war, said it stood to make a book profit of Fl 19m on the deal.

The proceeds will be used to reduce borrowing, saving the Dutch capital an annual Fl 2m in interest charges.

Hoogovens has not paid a dividend for two years. Its net loss widened sharply to Fl 595m in 1992 from Fl 51m in 1991, partly reflecting heavy provisions for job cuts and write-offs as it struggles to weather the difficult economic climate in Europe. The company expects firmer prices and rising demand to force a turnround in the downward trend. Steel prices have fallen 20 per cent since 1989.

The sale of the shares was announced after the close of trading on the Amsterdam bourse, where Hoogovens' shares closed barely changed at Fl 39.80 compared with Fl 40.10 on Wednesday.

Like other cyclical shares, Hoogovens has risen sharply in recent weeks on expectations of economic recovery in 1994.

Amsterdam said its shareholding had been a legacy of its involvement in job creation schemes in the region before the second world war.

This type of industrial policy in the steel sector was now a matter for national and international authorities, it noted.

The national government owns slightly more than 12 per cent of Hoogovens, which is based in Ijmuiden on the North Sea coast near Amsterdam. Its shareholding was reduced in the mid-1980s from an original 20 per cent.

The city spokesman said he believed Hoogovens was Amsterdam's only holding in a bourse-listed company. The city does, however, participate in the capital of organisations such as Schiphol Airport.

Government ownership of companies is relatively rare in the Netherlands. In the late 1980s, the Dutch state sold nearly 70 per cent of its shares in DSM, the chemicals group, in two tranches.

In early 1994, it is planning to sell the first tranche of shares in the Dutch PTT in a transaction that will rank as the biggest privatisation in the country's history.

UK shopping group steps into the limelight with shift of control beyond 2% of investors

GUS extends votes to more shareholders

By Maggie Urry in London

GREAT Universal Stores, a £4.7bn ($7.1bn) retail, property and finance company controlled by only 2.2 per cent of its shareholders, is to join the modern corporate world.

GUS will give votes to the 97.8 per cent of shareholders who do not have them under its two-tier capital structure. The move will end the Wolfson family's effective control over the company, which owns Burberrys, The Scotch House and the Kays mail order catalogue.

Half of the voting shares are held by the Wolfson family, the Wolfson Foundation and other connected charitable trusts. GUS's chairman is Lord Wolfson of Marylebone, the son of Sir Isaac Wolfson who took control of the company in the 1930s.

GUS also appointed four new non-executive directors to bring it closer in line with the recommendations of the Cadbury Committee on corporate governance.

One banker said the combination of the enfranchisement and the appointments would "put GUS more on a par with modern companies". He described the present share structure as "extraordinary".

With Savoy Hotel, GUS has been perhaps the most famous example of a large UK quoted company maintaining non-voting shares. Investors generally shun non-voting or limited voting shares. Although the GUS shares receive the same dividends the share prices of the two classes have diverged widely.

Mr Richard Pugh, deputy chairman, said the company had been thinking about enfranchisement for a long time and there was "no significance as such" in the timing of the news. "We always had the intention to do it sometime," he said.

Holders of the voting shares will be compensated with extra shares. Anticipation of the announcement had already driven both classes of shares higher. Yesterday the price of voting shares rose 100p to £34.38p and non-voting shares rose 110p to £18.75p.

GUS also announced that pre-tax profits rose from £443.6m to £475m in the year to March 31, its 45th consecutive year of profits growth.

Observer, Page 13; Lex, Page 14; Spur for others, Page 20; Market, Page 31

Bid to shake off weight of the past

Few companies with a market capitalisation of £4.7bn have kept such a low profile as Great Universal Stores. Analysts who travelled from as far afield as Scotland to a rare GUS presentation last year were incensed at the company's lack of candour.

Yesterday GUS was the talk of the City, not for its 45th yearly increase in pre-tax profits – a 7 per cent rise to £475m – but for its decision to enfranchise its non-voting shares, ending the Wolfson family's effective control of the company after 60 years.

But GUS did more than extend voting rights. It enlarged its board by appointing four new non-executive directors and an executive director, issued a detailed 16-page press release described by one analyst as "hardly Wolfsonesque", and increased the number of shares. Observers were left speculating that a cultural revolution was under way within one of the UK's more conservative and secretive companies.

Some hope it might use its £1.3bn cash to become once again the dynamic and acquisitive company it was in the 1950s and 1960s.

GUS grew from a retail and wholesale business selling household goods founded by three brothers at the turn of the century. After the first world war, it became a pioneer of mail order in the UK.

Mr Isaac Wolfson, son of a Russian Jewish immigrant family from Glasgow, gained control of the company in 1932, and it was he who used the profits from the mail order business to expand GUS into one of the UK's largest retailing groups.

Wolfson began issuing non-voting A shares in 1952, and used these in combination with cash to fund a series of acquisitions, including Burberrys, the upmarket clothing retailer. By the early 1960s, GUS's interests encompassed footwear, hotels, electrical goods, builder's merchants, food retailing and a travel agency.

In contrast with today, its shares were seen as volatile and speculative, and concern was sometimes expressed about the size of the borrowings.

By the 1970s, GUS was the UK's biggest high street retailer, with more than 2,200 shops. In the 1980s GUS sold off many high street interests, leaving it with only Burberrys and Scotch House, the woollen clothing retailer.

Today's business breaks down into four divisions with catalogue and home shopping at the core. The company has a reputation as a solid, defensive stock, which it seems in little danger of losing.

But is it now about to become rather more than that? GUS is often accused of failing to put its cash pile to good use. As one analyst put it, "we have seen the glasnost, which was most welcome. But the question is, will we now get the perestroika?"

Mr Richard Pugh, GUS deputy chairman, said the company had been on the look-out for a major acquisition for some years, but had not found one that met its criteria of having a good, continuing management, in a business GUS understands, at the right price.

Analysts suggest the ideal acquisition would be an overseas mail order company, allowing GUS to utilise its expertise and benefit from economies of scale. One possible target might be La Redoute, whose parent company Pinault-Printemps has financial difficulties. But that might run into monopoly problems, as the French company already owns UK mail order operator Empire.

An intriguing possibility is that GUS could bid for Next, the UK clothing retailer which is now staging a recovery.

Next's chairman Lord Wolfson of Sunningdale used to be a director of GUS, is a cousin of GUS chairman Lord Wolfson of Marylebone, and was one of the four non-executive directors appointed by GUS yesterday. GUS sold large parts of its high street empire in the 1980s to Next and to Combined English Stores, which was later taken over by Next.

David Wolfson's return to the board also points to a possible solution to the succession problem at GUS, where there is no obvious heir.

Some analysts, however, remained sceptical about whether yesterday's move meant GUS would throw off its conservative image. Said one: "I think the most excitement we will get from it may be what we have had today."

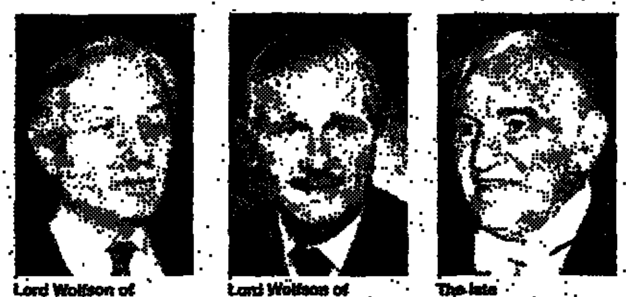
● The results for the year to March 31 showed catalogue and home shopping increasing pre-tax profits to £207.7m from £195.5m. Burberrys and Scotch House advanced from £32.3m to £37m, with Scotch House announcing plans to open a franchised boutique in Mexico City and Burberrys a similar one in Shanghai.

Finance, banking and business information services rose from £137.4m to £140.2m and property from £50.2m to £52.1m. About £117m of the £475m pre-tax profit was interest income.

Earnings per share rose from 118.8p to 128.2p. The 10 per cent total dividend increase to 44p exceeded expectations.

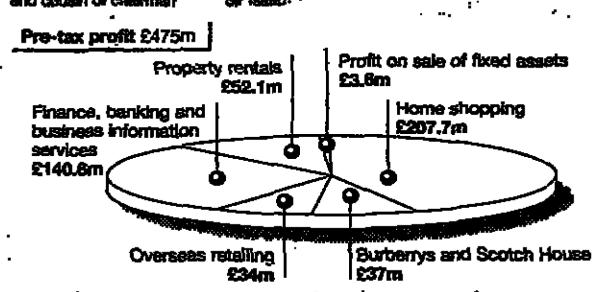
Neil Buckley

The Wolfson connection in a historic business



Lord Wolfson of Sunningdale: new non-executive director and cousin of chairman — Lord Wolfson of Marylebone: chairman and son of Sir Isaac — The late Sir Isaac Wolfson: former chairman

Pre-tax profit £475m



- 1900: Rose brothers founded company in Manchester; Universal Stores registered as limited company in 1917
- 1920s: Move into mail order
- 1926: Isaac Wolfson joins as a buyer
- 1931: Great Universal Stores goes public
- 1932: Isaac Wolfson appointed joint managing director, later buys shares from the Roses
- 1943: Acquisition of Kays mail order
- 1950s: First issue of non-voting shares, retail acquisitions
- 1970s: UK's largest high street retailer with 2,200 shops
- 1980s: Sale of many high street interests
- 1991: Sir Isaac dies
- 1993: Enfranchisement of non-voting shares

Rank pays year's dividend at interim after fivefold increase

By Michael Skapinker, Leisure Industries Correspondent

THE Rank Organisation, which includes Odeon cinemas, bingo clubs and Hard Rock Cafés, yesterday reported a near fivefold increase in first-half profits.

The pre-tax figure rose from a restated £19.8m to £95.7m ($143.6m). Rank said it would pay the full-year dividend at the interim stage, with an enhanced share alternative. The proposed interim dividend of 31p was equal to last year's total payout and equivalent to what it would have recommended for the whole of this year.

Shareholders have the alternative of receiving new shares to a value of 46.5p per existing ordinary share. Rank's shares fell 20p to close at 747p.

If all shareholders take up the share alternative, Rank will save £96m on dividends and £27.8m of advance corporation tax.

Mr Michael Gifford, chief executive, said that while trading in the US had improved, there were now signs that recovery there was slowing.

He said that UK consumers divided into three groups. Those unmarried and under 25 were spending more in the group's discothèques and cinemas.

Those in the 25 to 50 age group with children had benefited from reduced mortgage payments and were prepared to spend more. This group had become increasingly price conscious, however, looking for bargains and being prepared occasionally to accept lower quality.

Pensioners, the third group, had seen income from savings fall as interest rates dropped, and were spending less. This had adversely affected Shearings coach holidays.

Mr Gifford indicated that there was no early prospect of the group disposing of its stake in the Rank Xerox copying business, but the matter was under constant review. Rank Xerox's contribution to Rank's pre-tax profit fell to £68.5m, from £71.7m last time. Mr Gifford said: "There's almost nothing we haven't considered. Of course we've considered what would happen were we and Xerox to reach a deal on our stake, but I wouldn't get excited."

The group has sold the White House Hotel in London for just under £26m to Alvin Consultants.

Lex, Page 14; Details, Page 20

Sandoz ahead 10% to SFr998m in first half

By Ian Rodger in Vienna

SANDOZ, the Swiss pharmaceutical and chemicals group, reported consolidated net income up 10 per cent in the first half to SFr998m ($660.7m), and said "a significant increase in earnings is also expected for the full year".

However, sales advanced only 2 per cent in the first six months to SFr8bn, with growth hurt by the substantial cuts in prices paid for drugs by some European governments. In the second quarter, group sales were up only 0.9 per cent to SFr3.82bn.

Sandoz said the strong profit growth was due to "efficient cost management and improved margins". It was the first time that the group had published an interim net income figure.

Pharmaceutical sales were flat in the second quarter at SFr1.77bn. Positive developments in the US and Japan were outweighed by a slowdown in Germany and Italy. However, growth was expected to accelerate in the second half, due in part to the introduction of new products.

Sales of seeds fell 11.5 per cent to SFr245m in the second quarter due to the sale of non-strategic activities and negative currency impacts.

The nutrition division, where sales were down 7.5 per cent in the second quarter to SFr445m, was also affected by currency conversions.

Chemical sales were flat at SFr669m, but grew in volume terms as gains in North and South America and in Asia offset results in recession-plagued Europe. Agricultural chemical sales jumped 14.7 per cent to SFr383m in spite of the negative impact of reforms of the European Community farm support regime.

Construction and environmental system sales, up 7.4 per cent to SFr306m, were strongest in Latin America and south-east Asia and weak in the US and Europe. Acquisitions also contributed.

● Saurer, the Swiss textile machinery and motor components group, has appointed Mr Carl Hahn, the former chief executive of Volkswagen, as its chairman following the sudden resignation of Mr Vittorio Ghidella.

Italian magistrates have issued an arrest warrant for Mr Ghidella, a former head of Fiat Auto, in connection with a fraud investigation into the activities of Oto Trasm, an Italian motor components company that is now a Saurer affiliate.

Combatants settle dispute over Manchester Ship Canal

By Ian Hamilton Fazey, Northern Correspondent

ONE of the UK's longest and most bitter corporate disputes came to an end yesterday when Mr John Whittaker, chairman of Peel Holdings, and Mr Nicholas Berry, chairman of Stancroft Trust, agreed to bury the hatchet over Manchester Ship Canal.

The dispute has been raging since 1986, when Mr Whittaker won control of the ship canal company after a year-long takeover battle, defended in the latter stages by Mr Berry, who had bought his way in as chairman. The two have contrasting backgrounds – Mr Berry, Eton and Oxford; Mr Whittaker the son of a successful northern entrepreneur – and they have come to hate each other. Their agreement, which has to be ratified by small shareholders, will pave the way for MSC to be absorbed by Peel, which already owns 82.2 per cent of the company. MSC's separate quotation will disappear – 99 years after the canal opened.

MSC's land and property holdings, which give it an investment potential well in excess of what it achieves as operator of a profitable small port. Mr Berry thought Mr Whittaker had won control of MSC too cheaply. He organised resistance among minority shareholders to veto plans and eventually force an acceptable offer. The offer, which Mr Berry designed to be acceptable to himself, was announced yesterday.

The deal comprises £23 for each ordinary share plus a £7 zero coupon loan note, worth £10.50 in five years, or earlier if MSC gets full planning permission to develop a 300-acre canalside site at Dumplington, near Trafford Park as an out-of-town shopping centre. Mr Whittaker's 1986 offer was worth £6.25 per ordinary share.

Mr Robert Hough, chairman of MSC and deputy chairman of Peel, said the offer would value MSC at about £234m ($351m). Total minority holdings now accounted for £41.5m of this – approximately the total value of the company when Mr Whittaker won the takeover battle. Mr Berry owns half the MSC minority holdings by value.

His Stancroft Trust owns Mintel, which is the largest shareholder in Kunick, the gaming machine company, Grampian Television and Barlows, a Chester-based property developer. He is the son of Lord Hartwell, founder of the Daily Telegraph.

Theoretically, the deal can still be stopped. Under MSC's constitution, approval requires a simple majority of shareholders by number and a 75 per cent majority by value. The latter condition has already been met, but Peel and Mr Berry have only one vote each to cast among 2,000 on the register. However, Mr Berry said the offer was being recommended by the small shareholders' association.

End of battle in sight, Page 21

Dumez unit suspends payments of debts

By John Ridding in Paris

LYONNAISE des Eaux Dumez, the French industrial and utility group, is working on a recovery plan for a subsidiary in its construction division which has suspended debt payments with outstanding liabilities of about FFr220m ($37m).

The subsidiary, Maillard & Duclos, is the biggest building and public works company in the Rhône-Alps region of France. Dumez, acquired by Lyonnaise three years ago, has been using Maillard & Duclos to expand its construction activities in south-eastern France.

Maillard & Duclos has bought a series of small and medium-sized companies in the region since it was itself acquired by Dumez in 1987.

Last year, Maillard & Duclos achieved sales of FFr850m and suffered losses of about FFr21m. It employs about 690.

Dumez said that the recovery plan would be finalised within a few days. He said that the company had recently dismissed Mr Robert Bouracho, chairman of Maillard & Duclos, and placed Mr Jean Pierre Fenayon, deputy managing director of Dumez, in charge of the Rhône-Alps region.

One construction analyst described the cessation of payments at Maillard & Dumez as another setback for Dumez, which has suffered as a result of the downturn in the European construction industry. In 1992, the construction activities of Lyonnaise – of which Dumez is the biggest part – reported losses of FFr461m, almost double those of the previous year.

● Sales at Karstadt, Germany's largest department store group, rose by "more than 1 per cent" to DM10bn ($5.8bn) in the first six months of the year, writes David Waller in Frankfurt.

Mr Walter Deuss, managing director, said sales at the parent company climbed at a slightly higher rate of 1.3 per cent to DM5.94bn.

Daf defence arm set to be sold to family-owned group

By Ronald van de Krol in Amsterdam

DAF Special Products, a defence and aerospace subsidiary of the collapsed DAF group, is expected to be sold to Van Halteren Metaal, a Dutch family-owned metalworking company.

The Daf subsidiary, along with its former parent, was granted court protection from creditors in February.

Daf Trucks NV later re-emerged in slimmed down form as a Dutch-Belgian company, excluding its UK factories, its financing company and the special products unit, which makes military vehicles and aerospace equipment.

The formal takeover is expected later this week or early next week. Details were not disclosed, although Van Halteren hinted that it might seek additional investors in DAF Special Products, saying that it planned to be the sole shareholder "for the time being".

Daf Special Products has an order book worth Fl 100m ($53m) and a workforce of 165, a decline of about 65 from the days when it was owned by Daf. The former Daf subsidiary also expects additional orders from US defence contractors as part of "compensation orders" flowing from Dutch government purchases of US defence equipment.

Van Halteren, with turnover of Fl 125m and a workforce of 400, specialises in equipment for the defence and civil construction markets.

The acquisition of Daf Special Products will give it access to hydraulic technology and expertise in producing aircraft parts.

The family-owned company already owns eight production companies in the Netherlands and three in the US. It also has a sales office in Singapore.

Daf Trucks, which employs 3,500 people in the Netherlands and Belgium, is concentrating on producing medium to heavy trucks and is no longer active in Daf Special Products' field of small military vehicles.

Sanofi Winthrop takes control

By John Ridding

SANOFI WINTHROP, a joint venture between Elf Sanofi of France and Sterling Winthrop of the US, has bought control of Chinoin, the Hungarian pharmaceuticals company.

Sanofi Winthrop gained control through a purchase of 11 per cent of the shares of the Hungarian company. It had held 40 per cent of the shares since 1991.

Chinoin is Hungary's second largest pharmaceuticals company. In 1992 it reported sales of about FFr611m ($104m) and post-tax profits of FFr311m. Sales in the first half of 1993 increased by about 30 per cent to FFr370m, compared with the same period last year.

Sanofi Winthrop is an alliance between Elf Sanofi, the pharmaceuticals arm of the Elf oil group of France, and Sterling Winthrop, a division of Eastman Kodak of the US.

Elf Sanofi said that the increased stake in Chinoin was in line with Sanofi Winthrop's policy of expanding its presence in eastern Europe.

● Rhône-Poulenc, the French pharmaceuticals company, plans to cut the workforce of its French fibres operation by about a quarter by the end of 1995.

The company said that 522 jobs would be lost from a total workforce in France of about 2,000. All but 75 of those affected will take early retirement or be found jobs in other divisions of Rhône-Poulenc.

A spokesman for Rhône-Poulenc Fibres blamed the job losses on the difficult conditions in the fibres market. He said that the company, which principally manufactures nylon and polyester, had suffered losses as a result of a sharp decline in prices and increased competition from eastern Europe and south-east Asia producers.

Welsh Water meets expectations

By Richard Gourlay in London

WELSH Water, the privatised UK water company, yesterday reported increases in profits and dividends in line with expectations and a withdrawal from an ill-received diversification into hotels.

Pre-tax profits rose 12.5 per cent to £155.5m ($233.25m) on sales up 11.8 per cent at £382.4m in the year to March 31. The group is to pay a final dividend of 15.7p, giving a total for the year of 23.5p, an increase over last year of 9.3 per cent. Earnings per share rose 17.8 per cent to 104.1p.

Five months after acquiring Acer Group, the engineering consultancy, for £21m in cash and the assumption of £27m of debt, Welsh Water has more than doubled the goodwill write-off, to £40.4m from £17m.

The additional goodwill write-off has raised the question of whether Welsh Water paid too much for Acer, but Mr Iain Evan, Welsh Water chairman, remains convinced the buy was the correct strategic move.

Welsh Water has extricated itself from its hotels business by signing a 15-year lease for four of its properties with Resort Hotels. The fifth hotel will be managed by Resort Hotels. The agreement leads to a £2.2m write-down in the value of assets in Welsh Water's books.

Lex, Page 14

Turkish bank taken over in $213m deal

By John Murray Brown in Ankara

IN TURKEY'S biggest bank takeover, Turk Dış Ticaret Bankası (Dışbank), the trade finance bank set up by Işbank, Turkey's largest commercial bank, has been bought by a private group for $213.6m.

Lapis Holding, an Istanbul-based partnership involved in gold trading and tourism, bought Işbank's 89 per cent stake in Dışbank. Payment will be made in instalments over three years, with $75m paid immediately.

Originally a collaboration between Işbank and Bank of America, Dışbank is considered one of Turkey's most modern banks. Founded in 1964, the bank has 23 branches and made profits of $24m for 1992 on assets of $514m.

The disposal is the latest move by Işbank to reduce its share participations in order to bring its own balance sheet in line with capital requirements set by the Bank for International Settlements.

Lapis started in gold manufacturing and trading, but has diversified into tourism, carpets and leather businesses. The group is the majority owner of TYT, the small Turkish Tourism and Trade Bank.

It also has a 30 per cent stake in Kanal 6, the television venture of Mr Ahmet Ozal, son of the former Turkish president Mr Turgut Ozal.

Spain extends credit facility

THE Kingdom of Spain is to increase its recently-announced borrowing facility to Ecu5bn from Ecu4bn, reflecting the willingness of banks to participate in the deal, Sara Webb writes.

The three-year, multi-currency revolving credit facility is the largest financing to be put together by a European government this year. It was arranged by NatWest Capital Markets.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 16.07.93: Pool purchase price £/MWh	Final Prices for Trading on 15.06.93: Pool purchase price £/MWh	Final Prices for Trading on 15.06.93: Pool selling price £/MWh
0030	21.58	19.00	13.00
0100	20.24	18.09	18.09
0130	20.24	18.09	18.09
0200	20.24	18.09	18.09
0230	20.24	18.09	18.09
0300	20.24	18.09	18.09
0330	20.24	18.09	18.09
0400	20.24	18.09	18.09
0430	20.24	18.09	18.09
0500	20.24	18.09	18.09
0530	18.05	20.25	25.01
0600	18.04	20.26	25.07
0630	18.03	20.26	25.08
0700	18.05	20.56	25.35
0730	24.98	24.39	29.22
0800	25.15	25.08	29.75
0830	26.34	26.67	31.42
0900	27.04	27.09	31.95
0930	27.96	30.85	35.92
1000	28.04	31.10	36.18
1030	29.48	31.10	36.17
1100	29.51	28.35	33.35
1130	29.54	31.42	36.60
1200	34.60	34.60	39.92
1230	34.54	34.47	39.64
1300	29.39	33.88	38.97
1330	26.74	28.90	32.77
1400	26.34	28.65	33.39
1430	26.33	26.66	31.31
1500	26.03	26.64	31.29
1530	25.76	26.61	31.28
1600	25.31	26.09	30.74
1630	30.48	32.31	37.16
1700	30.48	33.04	37.88
1730	30.48	33.04	37.83
1800	30.48	33.02	37.85
1830	25.27	26.08	30.72
1900	24.98	26.08	30.71
1930	24.65	26.08	30.71
2000	24.10	26.08	30.73
2030	24.10	26.08	30.81
2100	24.10	26.08	30.81
2130	24.10	26.08	30.82
2200	35.44	33.00	37.90
2230	35.44	33.00	37.89
2300	35.44	33.00	37.99
2330	22.13	22.05	26.77
2400	21.61	20.58	25.29

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the products of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their [illegible]

	1993 (FRF millions)	1993/1992 [%]	With constant parities [%]
France	1,352	–	–
Germany	553	+ 8	+ 8
Other European countries	1,098	– 7	+ 2
Outside Europe	730	+ 2	+ 2
Total	3,733	– 1	+ 3

Time Warner divisions all register operating gains

By Karen Zagor in New York

TIME WARNER, the US media group, yesterday posted a 10 per cent gain in second-quarter operating income, before interest, taxes, depreciation and amortisation (EBITDA) to $673m.

The improvement, on the back of a 6 per cent rise in revenues to $3.3bn, reflected strong profits from each of Time Warner's five divisions – music, publishing, filmed entertainment, the Home Box Office (HBO) pay-television unit and the cable operating subsidiary.

Time Warner tries to get Wall Street to focus in its EBITDA figures because its results are muddied by its debt burden and heavy non-cash amortisation charges.

Although the company is taking steps to restructure its debt, it posted a second-quarter net loss of $80m against net income of $9m a year earlier. At the per-share level, the company had a loss of 22 cents in the latest quarter against a loss of 40 cents the previous year.

Time Warner's publishing business posted an operating profit of $105m before interest and depreciation, compared with $88m a year earlier.

The music division had $136m of operating profits before interest and depreciation, compared with $126m.

The filmed entertainment business had record earnings before tax and depreciation of $105m, against $101m a year ago. The company said US box office revenues were led by the films Dave, Made in America and Dennis The Menace.

HBO also had a record second quarter, achieving operating earnings of $57m, compared with $53m, before interest and taxes.

Time Warner's cable television business turned in a record earnings before interest and deprecation of $270m, up from $244m the previous year, reflecting an increase in the number of subscribers and continued growth in advertising and pay-per-view revenue.

For the first half, Time Warner had earnings before interest, taxes, appreciation and amortisation of $1.3bn on revenues of $6.5bn, compared with EBITDA of $1.17bn on revenues of $6.1bn a year earlier.

The group suffered a first half net loss of $95m, against net earnings of $12m.

On a per-share basis, Time Warner recorded a first half net loss of 55 cents against a net loss of 80 cents a year ago.

Soffex halts expansion plans

By Laurie Morse

SOFFEX, Switzerland's futures and options exchange, has halted plans to internationalise trading, dealing a blow to co-operation plans between Europe's small but rapidly-growing electronic derivatives exchanges.

"We were about to take a major step toward cross-border trading, and our board decided to say no for at least 12 months," said Mr Daniel Grossrieder, Soffex vice-president. The Soffex board, led by Switzerland's three big banks, is sensitive to a new stock market regulatory proposal now before the Swiss Parliament. The legislation would create national stock market regulation, and would apply to Soffex and to a planned Swiss national electronic bourse, the EBS.

"We did not want to create the impression that there was no co-ordination between Soffex and the EBS, by allowing Soffex to go forward on its own," said board member Mr Patrick Odier, managing partner of Lombard Odier. "We must wait until strategic decisions on the stock side are made."

Links between the electronic stock market and Soffex have not been formally declared, but are widely expected, with Soffex likely to adopt some of the new EBS technology.

The decision will prevent non-resident foreign firms and traders from joining Soffex.

It will also delay or derail plans for Soffex to link with the Swedish OM exchange group, with facilities in London and Stockholm; Amsterdam's EOE and Austria's Otob.

Income of Sweden's OM soars

OM, the Swedish securities and derivatives exchange operator and clearer, said net profit after financial items in the first six months of 1993 jumped to SKr100.1m ($12.7m) from SKr44.1m in the same 1992 period, Reuter reports from Stockholm.

The company said higher volumes, specifically in share options exchange trade and clearing of interest rate futures, had boosted income while costs fell. Outside Sweden, OM also runs OMLX, the London Securities and Derivatives Exchange.

Operating income rose 34 per cent to SKr190.7m and operating costs fell 8 per cent to SKr129.9m, resulting in operating profit rising steeply to SKr60.7m from SKr1.1m.

Turnover in interest rate futures, of which OM has seven different Swedish contract types, rose in the period to an average of 44,763 per day from 26,668 in the first half of 1992.

However, the average rate has slowed from a 48,585 per-day mean during the first quarter of 1993.

"We had larger volatility of interest rate contracts earlier this year than we had during the second quarter, but still we have a level of turnover that is substantially higher than last year," said Mr Michael Kongstad, head of information.

A trigger for the increased use of interest rate futures was the Swedish krona's flotation from its Ecu peg last November.

Petofi in Hungarian share issue

By Nicholas Denton in Budapest

BUDAPEST'S capital market has added another instrument to its increasingly sophisticated portfolio with the issue of redeemable preference shares by Petofi Nyomda, Hungary's leading packaging concern.

Petofi has issued Ft1.35bn ($14.4m) worth of the securities, which have a fixed maturity of five years and carry a dividend of 17 per cent. Credit Suisse First Boston Budapest, arranger of the issue, has placed the paper with Hungarian institutions.

For investors the redeemable preference shares behave like bonds but the advantage is that payments in the form of dividends are taxed more favourably than coupons would be.

Petofi is controlled by western funds. Other western joint ventures are in a similar position and are expected to follow Petofi's lead.

The introduction of redeemable preference shares is a mark of Budapest's increasing maturity as a financial centre.

Goldstrike mine boosts American Barrick

By Bernard Simon in Toronto

RISING production at the Goldstrike mine in Nevada has enabled American Barrick, the Toronto-based gold producer, to post another jump in quarterly earnings.

Net second-quarter earnings rose to US$57.2m or 20 cents a share from $36.8m or 13 cents a year earlier. The per-share figures reflect a two-for-one share split last March.

Revenues climbed to $175.2m from $115.5m.

The average gold price received in the second quarter was $410 per ounce, down from $422 a year earlier. Barrick's extensive hedging programme again ensured it received a price well above current market levels, but meant it did not benefit from the recent jump in precious metal prices.

Goldstrike's output rose to 356,900 ounces from 238,300 ounces a year earlier, contributing 83 per cent of production from Barrick's four mines in the US and Canada.

Average cash costs fell to $201 from $229 per ounce, with costs at Goldstrike dropping to $194 from $219.

The company said it was now processing only high-grade sulphide ore at Goldstrike. However, grades have fallen since sulphide-bearing ore was first mined late last year. The average second-quarter grade was 0.26 ounces per ton, down from 0.31 in the first three months.

Besides expansion at Goldstrike, Barrick's exploration and development activities are focused on Latin America. It has recently opened offices in Mexico and Chile.

Trans World Airlines trims loss in May

TRANS World Airlines suffered a net loss of $19.5m in May, compared with an April loss of $27.2m, according to papers filed in a US Bankruptcy Court, Reuter reports from Wilmington, Delaware.

The airline, which hopes to emerge from Chapter 11 bankruptcy protection at the end of August, reported an operating loss of $11.9m in May, against a $16.8m loss in April, the papers said.

TWA has operated under Chapter 11 since January 1992. Earlier this week the airline named Mr William Howard as chairman and as a result of the appointment, the bankruptcy court hearing to confirm TWA's reorganisation was put off until August 11.

Weyerhauser profits almost double

By Patrick Harverson in New York

WEYERHAUSER, the forest products group based in the Pacific Northwest, yesterday reported second-quarter earnings of $181.5m, almost double the $92.9m the company earned in the same quarter of 1992.

Quarterly income, however, was boosted by a one-time $36m gain from the sale of its subsidiary, GNA Corp.

Although profits were higher than a year ago, they were lower than the first quarter of this year, when the company earned $229m, which included a $44m extraordinary gain from the sale of Weyerhauser's nappy business.

Overall, the favourable pricing environment continues to provide a foundation for strong earnings at Weyerhauser. Environmental constraints on logging in the Pacific Northwest, designed to help preserve endangered species of owl, have pushed prices for logs, lumber and plywood sharply higher this year.

The company said it had also benefited from cost and productivity improvements. Weyerhauser's timberlands and wood products business earned $241.8m in the quarter, and its pulp and paper business $44.4m. The real estate and financial services units brought in $12.2m.

Yesterday's earnings news failed to impress investors, who sold Weyerhauser's stock down $1⅞ to $40¼ on the New York Stock Exchange.

● Boise Cascade, the Idaho-based paper, office and building products company, yesterday reported a reduced loss for the second quarter of 1993 of $17.1m, down sharply from the $45.4m shortfall recorded in the same three months of 1992.

The latest loss, however, was slightly larger than the $12.1m incurred in the first quarter of this year.

This was primarily a reflection of a modest slowdown in sales during the past three months and a sharp drop in lumber and plywood prices, which hit Boise Cascade's building products division. Overall, sales totalled $974m between April and June, compared with $984m in the previous quarter.

Losses from the company's paper business were significantly lower than a year ago and three months ago, thanks to flat-to-higher pulp and paper prices, and a reduction in unit manufacturing costs.

However, Mr John Fery, chairman of Boise Cascade, said market conditions in the paper business remained difficult, although he expected paper prices to rise further in the third quarter.

The office products division enjoyed a good quarter, with dollar sales volume rising 7.5 per cent from the year-ago period. Income from the building products unit was also higher than a year ago, but was down significantly from the first quarter due to lower lumber and plywood prices.

Boise Cascade shares were little changed on the New York Stock Exchange, down just $¼ at $22½.

United Airlines' unions in offer

By Karen Zagor

THE THREE biggest unions at United Airlines, one of the largest US carriers, yesterday said they intend to offer the company a package to cut employee costs significantly in exchange for a substantial equity stake in the company.

The carrier said yesterday it "will be in a position to respond after receiving and evaluating a direct and specific communication" from the coalition. Sources close to the negotiations said management was not hostile to a proposal from unions.

The proposed offer from the pilots, flight attendants and machinists, has strong parallels to a scheme at Northwest Airlines, where the main unions have agreed to help the carrier save nearly $900m and avert a bankruptcy filing.

Employees at Northwest will have the option of being repaid for their concessions within 10 years of receiving as much as 37.5 per cent of the company's common stock. Similarly, unions at TWA, which hopes to emerge from Chapter 11 later this summer, have made big concessions in exchange for a large equity stake.

Stephen Wolf: earlier warned of effects of industry's flaws

The coalition of United's unions said its proposal would include significant employee participation in the governance of the carrier. It would also contemplate a new competitive action plan which would help United respond aggressively to the challenges now facing the airline industry. Discussions with the company are expected to begin soon.

United's unions have attempted to gain control of the carrier four times since 1987. Although the terms of this fifth bid have not been finalised, it is clear it would not be structured as a leveraged buy-out. The coalition has not specified the size of the equity stake it would request from the company, nor did it specify expected labour cost savings.

UAL, United's parent company, recently said it would make deeper than expected capacity cuts on its US routes in reaction to grim industry conditions. It also warned that overseas growth would be more modest than planned.

In January, the Chicago-based company said it hoped to cut annual costs by around $400m by axeing 2,800 jobs and not following through plans to hire 1,900 people this year.

In addition, United's officers and US management will take a 5 per cent salary cut. Its mechanics and flight attendants, however, rejected proposals for interim concessions. United's union contracts run until the end of next year.

Mr Stephen Wolf, United's chairman, then warned that the "fundamental flaws in our industry are still pervasive and threaten our long-term financial health".

American Home Products 9% ahead

By Richard Waters in New York

AMERICAN Home Products, the US pharmaceutical company, recorded year-on-year net income growth of 9 per cent in the second quarter, ahead of some analysts' expectation.

However, this was not enough to prevent its shares falling by $1¼ to $63½ in the face of a general sell-off of drug stocks yesterday morning as brokers Smith Barney downgraded the sector.

Net income for the quarter rose to $287.5m, from $263.5m, as income per share jumped by 11 per cent to 93 cents from 84 cents, aided by the purchase of 4.4m shares by the company in the first half of the year.

Sales advanced to $1.9bn from $1.76bn.

The biggest sales growth came from consumer health care products, which were ahead by 13 per cent at $354m. The company attributed the growth to increased sales of oral health care products in Latin America.

First-half sales growth as a whole in consumer health care products was limited to 7 per cent, due to weak sales in the US analgesic market and "a less severe cold and flu season".

Pharmaceuticals, which accounted for the bulk of the group's $1.9bn sales, saw sales volume grow by 7 per cent to $1.2bn in the second quarter, led by higher sales of infant nutritional and cardiovascular products in the US.

Sales of medical supplies and diagnostic products advanced by 9 per cent, to $217m.

Coca-Cola net advances 20%

By Richard Waters

STEADY volume growth in North America and other developed soft drink markets helped push up net income at Coca-Cola.

The soft drinks group lifted income by 20 per cent to $678m in the second quarter, or 52 cents a share, compared with $565m, or 43 cents a share, in the same period last year.

Sales rose by 10 per cent to $3.9bn.

The group's gross trading margin moved ahead by one percentage point, to 24.5 per cent, as operating cost growth was held in check.

Mr Roberto Goizueta, chairman and chief executive, said that the "increasingly accelerating volume growth" of the last three quarters augured well for the future.

Newer markets for the world's biggest-selling soft drink showed strong growth, with a 28 per cent jump in volume in China and 35 per cent in Nigeria.

Such markets remain small in comparison to overall sales, though, with the US accounting for about half of the total.

"In emerging markets like China, Indonesia and east central Europe, we have only scratched the surface of the consumption potential of huge population centres," said Mr Goizueta.

Unit case shipments inside North America grew by 5 per cent, with volume in gallon shipments growing at the same pace.

Unit case shipments elsewhere in the world moved ahead by 7 per cent, and gallon shipments by 4 per cent.

The company's shares slipped by $¼ at midday in New York.

Japan's property loans increase

By Emiko Terazono in Tokyo

JAPAN'S leading banks increased their lending to the property sector during the year ended March on the back of strong demand for emergency loans from stricken property companies.

According to Tokyo Shoko Research, a private credit research company, outstanding loans by the top 101 banks to real estate companies totalled Y55,850bn ($520.26bn), an increase of 6.9 per cent from the previous year. The figure exceeded the 2.3 per cent rise in the banks' overall lending.

While the rise in property related lending in the late 1980s was prompted by speculative investments, Tokyo Shoko said the latest loan growth reflected the continuing difficulty in the country's property business.

An increase in advance purchases for public works projects, following the implementation of the government's emergency economic stimulus packages, also contributed to the rise.

The 11 city, or commercial, banks were the most prominent in lending to property companies, increasing loans by 8.7 per cent to Y26,083bn. The seven trust banks increased lending by 6.6 per cent, the three long term credit banks by 3.5 per cent, and the regional banks by 5.8 per cent.

Property loans to overall lending: top 10 banks

Nippon Trust Bank	26.7%
Nippon Credit Bank	23.8%
Fukutoku Bank	18.3%
Hanshin Bank	17.9%
Chiba Bank	17.8%
Taiheiyo Bank	17.6%
Chuo Trust	17.3%
Toyo Trust	16.7%
Tokuyo City Bank	16.6%
Mitsui Trust	16.5%

Source: Tokyo Shoko Research

Among leading city banks, Sanwa Bank had the largest year-on-year rise in property loans, increasing its lending by 14.4 per cent to Y3,261.8bn, followed by Asahi Bank, up 13.3 per cent to Y2,119.9bn.

Mitsubishi Trust and Banking led the trust banks, with an increase of 17.7 per cent to Y1,949.8bn. On the other hand, property lending decreased 2.5 per cent to Y1,801.6bn at Mitsui Trust and Banking.

The percentage of property lending to total loans rose 0.49 percentage points to 11.54 per cent. Nippon Trust Bank led the list with property lending accounting for 26.7 per cent of total loans, followed by Nippon Credit Bank at 23.8 per cent.

Sakura Bank topped the list of total outstanding loans to the property industry, with Y4,551.3bn. Sanwa was second with Y3,261.8bn followed by Dai-Ichi Kangyo Bank with Y3,235.8bn.

Sanyo falls and warns of 'severe' environment

By Michiyo Nakamoto in Tokyo

SANYO Electric, the Japanese consumer electronics group, says parent profits for the six months ended May tumbled 77 per cent to Y2.2bn ($20m) while at the consolidated level the group has made a net loss of Y2.7bn.

The company blamed the disappointing outcome on continuing weak demand for capital investment in Japan, the strength of the yen and sluggish sales in Europe. It warned of a "severe" business environment ahead.

Consumer electronics products such as colour TVs and VCRs were still in the doldrums while sales of high-price home appliances such as air conditioners and office equipment also declined.

Sales for the parent company declined 8.4 per cent to Y500.7bn. In the domestic market, they were down 12 per cent at Y334bn due in large part to declines in audio goods and other electrical products.

Sales fell to Y732.2bn from Y737.9bn. In overseas markets, however, sales rose 4.9 per cent to Y303.3bn.

With personal consumption likely to remain weak in the current six months, Sanyo is forecasting annual parent sales of Y1,035bn and net income of Y4bn, and consolidated sales of Y1,530bn and a consolidated net loss of Y1bn.

The company is undergoing a restructuring aimed at decentralising management and improving operating efficiency.

Top S Korean banks show wide profit fluctuations

By John Burton in Seoul

SOUTH Korea's 13 main commercial banks reported a 30.2 per cent rise in combined net profits to Won351bn ($434m) for the first half of 1993 helped by disposals of securities.

The banks' total operating profits rose by 12.4 per cent to Won1,113bn. However, there are wide differences in individual performances.

Korea First, Hanil, Cho Hung, and Korea Exchange posted large profit increases. Commercial Bank of Korea, Bank of Seoul and KorAm reported sharp declines in earnings as their loan loss provisions grew due to a record number of bankruptcies.

Meanwhile, the Office of Bank Supervision issued a rare warning to CBK, criticising it for imprudent lending to Hanyang, a construction company that went into receivership in May.

Korea First Bank had the largest net profits among the 13 banks with Won80.9bn, a 77 per cent increase.

KFB attributed the profit rise to rationalisation measures, including reducing its staff and branch network, saving Won40bn per year. In addition, it had net gains of Won25bn on the sale of securities during the first half.

Hanil Bank was the second most profitable bank with net profits of Won64bn, a 32.5 per cent increase, as it sold shares that produced Won31.8bn in capital gains.

But the biggest profit increases were posted by Korea Exchange with a 310.9 per cent rise to Won41.5bn and Cho Hung with a 282.5 per cent jump to Won48.2bn. Shinhan remained one of Korea's most profitable banks with Won54.7bn in net earnings, although this represented a 16.9 per cent drop.

The Bank of Seoul was least profitable with Won600m in net earnings, a 86.7 per cent decline, as loan-loss provisions increased to Won85bn from Won25bn a year ago.

Net earnings at CBK shrunk by 20.2 per cent to Won9.9bn as its expanded loan-loss provisions of Won85bn outweighed the Won44.5bn it gained from the selling of securities.

The profitability of CBK is expected to deteriorate further during the second half of the year since it holds about Won900bn in non-performing loans to Hanyang.

KorAm's net profits fell by 58.9 per cent to Won5.8bn as it increased loan-loss provisions to Won12.6bn from Won1.3bn.

Westpac to go ahead with share issue

By Bruce Jacques in Sydney

WESTPAC Banking Corporation is to proceed with a planned A$500m (US$340.1m) convertible preference share issue following shareholder approval at a fiery special meeting in Sydney yesterday.

The issue, important for Westpac's capital adequacy ratios, has already won strong institutional support. It was the subject of one of three resolutions passed at the meeting, but with strong criticism from some shareholders.

The other two resolutions concerned a A$14m options package for Mr Robert Joss, chief executive, and the waiver of calls on shares held by nearly 200 executives and former executives of the bank.

A minority of shareholders expressed their objection to all three resolutions, criticising the size of Mr Joss' options package and what they called preferential treatment for other Westpac shareholders.

But the resolutions were carried on a show of hands and did not require polls.

● The Reserve Bank said A$600.95m of 7.5 per cent Treasury bonds maturing in July 2005 were sold at an average yield of 7.213 per cent at tender. It said A$201m of 12.5 per cent bonds maturing in January 1998 went at an average yield of 6.488 per cent.

FTC drops inquiry into Intel

By Richard Waters in New York

THE US Federal Trade Commission has formally dropped its three-year investigation into unfair trading practices at Intel, the world's largest manufacturer of semi-conductors.

In a letter to Intel president Mr Andrew Grove, Ms Mary Lou Steptoe, acting director of the FTC's bureau of competition, said of its investigation: "On further review of this matter, it now appears that no further action is warranted by the Commission. Accordingly the investigation is closed."

The FTC, which has never previously confirmed the existence of the investigation, said it had looked into possible "unlawful tying or exclusive dealing practices or other unfair methods of competition" involving the marketing, distribution and sale of the company's microprocessors and other computer parts.

The company, which has a large share of the market for microprocessors for PCs, continues to face private anti-trust actions brought by two of its competitors.

Mr Tom Dunlap, general counsel to Intel, welcomed the FTC decision, adding that the company intended to continue with its "very aggressive, but very fair intellectual property programme".

The investigation had cost the company "many millions of dollars," he said, but had not resulted in any changes in business policy.

The decision to end the investigation had been generally expected in the market. Mr Dunlap expressed confidence the decision would lead to the ending of private actions brought against the company, since these had been based on the same documents that the company had disclosed to the FTC.

Westinghouse income falls 18%

By Martin Dickson in New York

WESTINGHOUSE Electric, the US conglomerate trying to recover from poor property investments, reported an 18 per cent drop in second-quarter income from continuing operations, which it acknowledged was below its expectations.

The company blamed the drop mainly on the performance of its environmental business, which it said had been hit by "weakness in the US environmental remediation market and the poor European economies".

Mr Michael Jordan, chief executive, said Westinghouse was in the "midst of a great transition".

Westinghouse reported net income from continuing operations of $84m, or 20 cents a share, compared with $103m, or 30 cents, in the same period of last year. Revenues were $1.98bn, compared with $2.18bn.

The company is gradually getting out of financial services, and in particular property investment which went sour on it when the US property market collapsed three years ago.

It said that in the second quarter it had sold $2.3bn in assets, for cash, from its financial services business and more than $3bn in the first half of the year, and this essentially eliminated the company's exposure from commercial property assets.

Westinghouse said the sales reduced its financial services portfolio investments net of reserves to around $2.1bn, compared with $5.3bn at the end of December, and it had cut its indebtedness – a primary goal for 1993 – from $9.9bn to $7.6bn.

For the six months, income from continuing operations was $148m, or 35 cents a share, compared with $168m, or 68 cents, in the same period of last year.

Woolworths beats forecast

WOOLWORTHS, the Australian retailer which this week went public with a A$2.45bn flotation, announced yesterday it had beaten prospectus sales forecast for the latest year, writes Bruce Jacques.

Directors said sales for the 53 weeks ended June 27 rose 14.2 per cent to A$10.49bn (US$13.32bn) compared with a forecast of A$10.43bn.

Fujitsu to cut staff by 6,000

By Michiyo Nakamoto

FUJITSU, Japan's largest computer company, is reducing its workforce by 6,000 in the next two years in an attempt to lower fixed costs and improve profits in the face of the continuing weak demand.

The company aims to cut its payroll mainly through natural wastage, by recruiting fewer new employees and seconding employees to affiliates and subsidiaries which have or are being set up.

Fujitsu has already established a group within its personnel department to assist employees interested in finding jobs outside the company.

The company, which owns ICL, the UK computer group, emphasised yesterday that its plan involved moving only those employees who wished to do so and said that there was absolutely no question of forced redundancy.

However, its decision reflects the growing strains on the company which has suffered a sharp downturn in business as Japanese companies have cut back on investment in information technology.

For the year ended March, Fujitsu reported a loss of Y8.7bn ($81m), the group's first deficit since it was listed on the Tokyo stock market in 1949.

It faces growing pressure on its mainframe computer business as well as increased competition in the PC market, where US makers have stepped up their marketing efforts and launched a price war in Japan.

The company has already taken steps to try to deal with the changed market environment. It has implemented a restructuring programme and recruitment has been slashed from a peak of 3,870 in 1991 to just 300 for next year.

Laidlaw will not take up ADT option

By Bernard Simon in Toronto

LAIDLAW, the Ontario-based waste services and transport operator, will not take up its proportionate share of the forthcoming public equity issue by ADT, its 28.4 per cent-owned international security and vehicle auction affiliate.

The decision will lower Laidlaw's stake to just over 25 per cent, which will still leave the Canadian company as ADT's biggest single shareholder.

Mr Donald Jackson, Laidlaw chief executive, said he supported ADT's refinancing effort, but Laidlaw's resources were best spent on its own core businesses.

ADT plans to issue 18m shares in the US.

Laidlaw's shares have tumbled by almost 20 per cent since it surprised the investment community last week with a loss of $33.6m, or 12 cents a share, for the three months to May 31. The loss was chiefly due to a $120m writedown stemming from a review of its US solid waste operations.

Mr Jackson forecast earnings of 6 to 8 cents a share in the current quarter, slightly below analysts' estimates.

INTERNATIONAL CAPITAL MARKETS

Gilts close little changed despite fall in unemployed

By Peter John in London and Patrick Harverson in New York

CONFIRMATION that UK unemployment is beginning to fall was ignored by a gilts market which traditionally reacts nervously to such statistics.

Debt prices eased back after the news that the jobless figure had fallen by 7,600 in June – the fifth successive monthly decline – but recovered to close virtually unchanged along the length of the yield curve.

GOVERNMENT BONDS

Although the market has shrugged off previous unemployment data as suspect, most economists acknowledged yesterday that there was now a genuine downward shift.

Also, the statistics coincided with long gilt yields being at a 20-year low and the market being potentially sated by a £700m five-year tap.

However, the appetite for gilts remains so strong that the tap of five-year stock was exhausted quickly and bond prices, off a quarter point around midday, recovered to close firmer for the 10-year maturities and steady for the ultra longs.

Mr John Kendall, economist with Baring Sterling Bonds, said: "We still have nearly 3m people unemployed, so it will be a while before the labour market tightens to the extent that it is exerting inflationary pressures."

Overseas investors, who Mr Kendall estimates hold around 18 per cent of the market – including 8 per cent in foreign central banks – were continuing to buy.

■ THE GERMAN Bundesbank's decision to leave its key interest rates unchanged was anticipated but led to some consolidation in the Bund market yesterday.

Bund futures for September fell 0.25 to 95.11 as the German central bank was unable to draw investors' attention away from the pressures within the European exchange rate mechanism.

■ FRENCH government debt prices held relatively steady, despite the Bundesbank's failure to cut rates. On the Matif, September futures eased 0.14 to 119.82.

One economist suggested that once the German central bank eases, speculators will know that it will feel unable to cut rates again for some time. Consequently, they might begin to sell the franc more heavily without fear of being punished by rate shifts.

■ AMONG the high yielders, Italian government bonds saw profit-taking following a recent strong performance. However, yesterday's auction of L1,500bn of 10-year BTPs saw the net yield fall to 9.53 per cent from 9.76 per cent previously. The result was at the more optimistic end of forecasts.

In Portugal, an auction of 10-year government bonds was also aggressively bid, even though underlying bond prices suffered from the general ERM nervousness. The Es10bn of stock was taken up with the yield coming in at 10.336 per cent against expectations of 10.4 per cent.

■ LONGER-DATED US Treasury securities posted fresh gains yesterday morning, sending yields to new record lows as the government bond market continued to benefit from recent good inflation figures.

By midday, the benchmark 30-year government bond was up 3/32 at 107½, yielding 6.545 per cent. At the short end the two-year note was unchanged at 100⅛, to yield 3.957 per cent.

There was some early follow-through buying from Wednesday, when news of weak consumer price inflation provided a strong lift to Treasury prices.

Yesterday's economic figures were less encouraging, although a big drop in the Philadelphia Federal Reserve's index of local business activity for July was bullish for bonds, and, aided by some fresh municipal buying, buoyed longer-dated prices.

The day's other news had little effect on market sentiment. The Labor Department announced a smaller-than-expected 2,000 increase in weekly jobless claims and the Commerce Department announced a 0.2 per cent rise in May business inventories.

FT FIXED INTEREST INDICES

	July 15	July 14	July 13	July 12	July 9	Year ago	High*	Low*
Govt.Secs (UK)	98.45	98.46	97.98	98.06	97.89	89.55	98.46	93.28
Fixed Interest	117.01	116.84	116.53	116.21	116.00	108.24	117.01	108.67

Basis 100: Government Securities 15/10/26 Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 117.01 (15/7/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	July 14	July 13	July 12	July 9	July 8
Gilt Edged Bargains	119.0	110.2	102.3	97.4	92.3
5-Day average	104.2	101.5	101.7	100.4	100.2

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	115.8597	-0.319	7.13	7.28	7.57
BELGIUM		9.000	03/03	113.2600	-0.260	7.06	7.05	7.23
CANADA *		7.500	12/03	102.7500	-0.150	7.12	7.32	7.46
DENMARK		8.000	05/03	105.7500	+0.150	7.02	7.03	7.15
FRANCE	BTAN	8.000	05/98	107.1133	-0.259	6.23	6.24	6.41
	OAT	8.500	04/03	111.6600	-0.030	6.79	6.80	6.94
GERMANY		6.750	04/03	101.5000	-0.150	6.53	6.58	6.75
ITALY		11.500	03/03	103.6600	-0.600	11.11†	11.03	11.89
JAPAN	No 119	4.800	06/99	103.7137	-0.073	4.03	4.13	4.28
	No 145	5.500	03/02	107.6221	-0.066	4.30	4.34	4.44
NETHERLANDS		7.000	02/03	104.3000	+0.130	6.37	6.44	6.58
SPAIN		10.300	06/02	99.5390	-0.595	10.37	10.22	10.70
UK GILTS		7.250	03/98	102-11	+1/32	6.66	6.70	7.07
		8.000	06/03	104-07	+3/32	7.39	7.54	7.92
		9.000	10/08	110-05	-	7.84	7.96	8.33
US TREASURY *		6.250	02/03	103-31	+5/32	5.70	5.80	5.92
		7.125	02/23	107-11	+16/32	6.56	6.70	6.80
ECU (French Govt)		8.000	04/03	105.1800	-0.750	7.24	7.14	7.32

London closing, *denotes New York morning session. Yields: Local market standard † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Strong European demand for Canadian dollar deals

By Sara Webb

STRONG investor demand for Canadian dollar-denominated Eurobonds enticed New Zealand and Banque Nationale de Paris into the international capital market to raise a total of C$325m yesterday.

New Zealand's three-year, C$200m bond issue was priced to yield 45 basis points over the 6.5 per cent Canadian government bond due August 1996, at an annual 7.53 per cent. The proceeds were swapped into floating-rate US dollars.

The bonds were sold mainly to retail investors in continental Europe.

Hambros Bank, the lead manager, said: "We've seen a lot of demand for Canadian dollars recently, partly because there are some redemptions coming up, and partly because investors like the yield pick-up over US Treasury bonds."

Three-year Canadian government bonds have a yield spread of about 170 basis points over US Treasuries.

The bonds were re-offered at 99.225 and traded at 99.23-99.27 by late afternoon, according to the lead manager.

INTERNATIONAL BONDS

BNP's four-year C$125m deal was also targeted at retail investors in continental Europe and was priced to yield 45 basis points over the 6.5 per cent government bond due 1996.

Among the day's other offerings, the Kingdom of Denmark's Eurolira deal – a two-year, L150bn issue with an 8.45 per cent coupon – attracted considerable adverse comment from Eurolira specialists.

BCI, the lead manager, said it decided to bring a short-dated Eurolira deal because of the lack of paper in this part of the yield curve.

The deal was priced to give an annual yield of 8.53 per cent, whereas one-year Italian Treasury bills pay about 8.9 per cent gross.

Other houses pointed out that existing Eurolira paper maturing in two years' time trades at yields of just over 9 per cent, making Denmark's deal look stingy by comparison.

Rival banks described the deal as a flop, pointing out that it traded outside fees (BCI quoted a spread of 99.85–99.90, while the issue price less fees was 99.855).

Some market participants expressed surprise that Denmark should launch a short-dated issue at all.

"There is good demand for Eurolira paper but it is at the long end, given that that is where you see the most gain when interest rates fall," said one syndicate official. "You get so little capital appreciation on two-year bonds it's hardly worth it."

● Essar Gujarat, the Indian iron company, is planning to launch the first Indian Eurodollar convertible bond. The company hopes to raise $60m with a five-year convertible issue, although the size of the issue can be increased by 15 per cent if there is strong demand.

It had originally considered doing an international equity offering of GDRs, following the example of Reliance and Grasim of India.

With a convertible bond, the company hopes to provide investors with some downside protection.

The indicated coupon is 5.5–6 per cent and there is a three-year put at par, so that if the share price does not pick up, investors get their money back.

The bonds are callable after two years if the share price rises 30 per cent above the conversion price.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Creditanstalt-Bankverein‡	100	(a)	99.625R	Aug.2005	0.5R	-	Creditanstalt
Dresdner Bank(b)‡	100	(a)	99.875R	Aug.2005	0.5R	-	Kidder Peabody Intl.
Essar Gujarat, India(c)§	60	(c)	100	Aug.1998	3	-	Merrill Lynch Intl.
STERLING							
Britannia Bldg. Society(d)‡	50	(d)	(d)	Jun.1997	(d)	-	NatWest Capital Markets
CANADIAN DOLLARS							
New Zealand	200	6.25	99.225R	Dec.1996	0.2R	+45 (6½%-96)	Hambros Bank
Banque Nationale de Paris	125	6.375	99.56R	Aug.1997	0.25R	+45 (6½%-96)	Swiss Bank Corp.
ITALIAN LIRA							
Kingdom of Denmark	150bn	8.45	100.98	Aug.1995	1.125	-	Bca.Commerciale Italiana
SWISS FRANCS							
Akebono Brake Ind. Co.(e)**	150	1.125	100	Aug.1997	1.625	-	Nomura Bank (Switz.)
Bremer Landesbank	100	4.75	101.625	Sep.2003	-	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. §Convertible. ‡With equity warrants. R: fixed re-offer price; fees are shown at the re-offer level. a) Coupon pays 6-month Libor - 0.25%; minimum 5%, maximum 8%. b) Issue launched on Wednesday was increased to $200m. c) Rating: week of 23/7/93. Indicated coupon 5.5–6%, and share premium 0–5%. Callable after 2 years, subject to 130% rule, at par + accrued. Puttable in 3 years at par. d) Block trade fungible with the £100m launched in May. Additional detachable interest rights (ADRs) were separately placed. Coupon pays 3-month Libor + 0.15%. e) Fixing: 22/7/93. Callable on 5/8/95 at 102% declining by ¼% semi-annually.

Revival of interest in Moroccan investment

Casablanca's privatisation programme has underpinned renewed foreign attention, writes **Francis Ghilès**

MOROCCO's return to the international capital markets earlier this week via a $25m Euroloan for Omnium Nord Africain is a clear signal of the revival of investment interest in the country.

The deal marks the return, albeit for a modest sum, of Moroccan borrowers to the markets after a 10-year absence following the forced rescheduling of foreign debt in September 1983. The loan for ONA carries no state guarantee.

Morocco has caught the attention of foreign institutional investors this year because the price of its outstanding debt has risen from 42 to 65 per cent of its face value.

Foreign investment, meanwhile, rose four-fold to $500m in the five years to 1992 and is expected to increase further in 1993. Today, it represents 21 per cent of all new investment in Morocco and is expected to become an increasingly significant in the years ahead.

Morocco's privatisation programme is a key factor encouraging this trend. The programme is now beginning to get into some sort of stride with the acquisition by the Swiss Holderbank group of 51 per cent of Scior, the Moroccan state cement company.

This deal is viewed by international bankers and investment funds as a watershed in Morocco's privatisation programme. By the end of 1995, the government plans to sell 112 state companies, worth an estimated $2bn.

A price tag of Dh1.2bn ($134m) has been put on Scior, so the sales dwarfs that of the CTM international bus company, which was valued at Dh330m and successfully privatised last month.

Of the remaining shares, 24 per cent will be sold on the Casablanca Stock Exchange, 10 per cent will go to the regional authorities in Oujda and Fes in north eastern Morocco, where the company's two plants are located, and 30,000 are earmarked for employees.

Some 40 per cent of CTM's shares were issued last month and the offer was four times oversubscribed – the shares are currently trading at a 34 per cent premium to issue price. The most interesting feature of that sale was the keen interest shown by Moroccans living abroad, who picked up one-third of the shares on offer.

This interest underlines the importance of the $2.2bn that Moroccan emigrés remit home every year and which could prove a significant source of capital for the privatisation programme if the local stock market is developed.

A second success story would provide a powerful catalyst for expanding the role of the Casablanca exchange. Only 69 stocks are listed, a handful of which trade every day, usually in tiny quantities.

The stock exchange has traditionally been regarded as irrelevant by Moroccan businessmen, who go to their banks or tap private sources of finance, often within their extended family networks.

However, privatisation is encouraging the emergence of investment funds like Interfina and Maroc Privatisation. Interfina is owned by three Moroccan banks, the International Finance Corporation and Spain's Banco Exterior.

Maroc Privatisation has a majority of French shareholders, which include Société Marseillaise de Credit, Les Mutuelles du Mans insurance group and Compagnie Financière Edmond de Rothschild.

The latter is also present, with Paribas and Royale Marocaine d'Assurances, in Casablanca Finance Group which was set up with a capital of Dh1m. It aims to develop corporate and investment banking and in time emerge as Morocco's first investment bank.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6.50 pm on July 15

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	36	26	17
Other Fixed Interest	0	6	9
Commercial, Industrial	237	274	697
Financial & Property	158	67	572
Oil & Gas	7	35	41
Plantations	0	0	8
Mines	15	59	63
Others	46	43	54
Totals	499	510	1,661

LONDON RECENT ISSUES

EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

For notes on symbols refer to The Guide to The London Share Service.

TRADITIONAL OPTIONS

● First Dealings July 12
● Last Dealings July 23
● Last Declarations Oct. 14
● For settlement Oct. 25

3-month call rate indications are shown in Saturday editions.

Calls: Aminex, Avesco, Caverdale, Clyde Pet., Court Cavendish, Denmans, Emess, McCarthy & Stone, Microfocus, Regalian, Resort Hotels, Spring Ram, Telemetrix and Waterford Units. Puts: Denatron and Tiphook. Put & Call: Medeva.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Thu Jul 15	Day's change %	Wed Jul 14	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	128.21	+0.08	128.11	1.58	6.44
2	5-15 years (23)	152.02	+0.11	151.86	2.60	6.65
3	Over 15 years (9)	165.47	-0.05	165.56	2.21	5.77
4	Irredeemables (6)	187.48	-0.25	187.96	1.90	7.25
5	All stocks (63)	147.41	+0.05	147.49	2.21	6.61
	Index-Linked					
6	Up to 5 years (2)	186.28	-0.08	186.43	1.37	1.92
7	Over 5 years (11)	175.63	-0.09	175.79	0.62	2.92
8	All stocks (13)	176.61	-0.09	176.98	0.71	2.80
9	Debs & Loans (65)	134.75	+0.01	134.73	2.63	5.56

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 15	Wed Jul 14	Year ago (approx.)
	British Government				
1	Low	5 years	6.72	6.75	8.24
2	Coupons	15 years	7.74	7.74	8.89
3		25 years	7.81	7.80	8.88
4	Medium	5 years	6.87	6.90	8.56
5	Coupons	15 years	7.84	7.84	8.92
6		25 years	7.87	7.86	8.92
7	High	5 years	7.02	7.06	8.76
8	Coupons	15 years	8.11	8.13	9.12
9		25 years	8.07	8.06	8.97
10	Irredeemables		8.07	8.05	8.97
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.76	2.75	4.03
12	Inflation rate 5%	Over 5 yrs.	3.44	3.43	4.36
13	Inflation rate 10%	Up to 5 yrs.	1.25	1.26	3.24
14	Inflation rate 10%	Over 5 yrs.	3.25	3.24	4.17
15	Debs &	5 years	8.33	8.35	10.42
16	Loans	15 years	8.83	8.82	10.17
17		25 years	9.01	9.01	10.05

GUS decision could be spur for others to follow

By Maggie Urry

GREAT UNIVERSAL Stores' decision to enfranchise its non-voting shares will be a spur for those other remaining companies which have two-tier share structures. Non-voting and limited voting shares, although common years ago, are now regarded as anachronistic.

Under the terms of the GUS enfranchisement, holders of the voting shares, which currently make up a mere 2.2 per cent of the total capital, will receive an extra four shares for every five they hold as compensation. The holders of the voting shares will then have 3.9 per cent of the enlarged capital. After that all shareholders will receive a 3-for-1 scrip issue.

Morgan Stanley International and SG Warburg have recommended these terms as fair and reasonable on behalf of the voting and non-voting shareholders respectively. About half of the voting shares are held by the Wolfson Foundation, the family and other charitable trusts. The remainder are mainly held by a number of institutions.

GUS's move follows years of speculation, during which time the company has repeatedly said it was reviewing its position. The timing of its decision has no particular significance, the company stressed yesterday.

It also follows that of Austin Reed, another retail group, in April to enfranchise its non-voting shares and the announcement in May by Hammerson, the property company, that it would equalise the votes on its two classes of shares.

GUS said it was responding to the "evident wishes of the company's shareholders and the market" although saying that there was no shareholder pressure to change. The two classes of shares performed much in line until about the mid-1980s when the voting shares began to outperform the non-voting shares.

It also said it was "conscious of the impetus towards globalisation of securities markets and EC views on the subject".

The Stock Exchange told companies 10 years ago that if they had non-voting or limited voting shares they must be clearly described as such. There has also been a feeling – although nothing has been written down – that the Stock Exchange frowned on the issue of new non-voting shares, for example through a rights issue or acquisition.

The EC is due to publish a directive – although many think it will not happen – which is expected to encourage companies towards a unified share capital. While two-tier share structures are still common in many European countries, they are less usual in other markets such as the US.

Non-voting or limited voting shares often arise where a family controls or has a large stake in a company. Other well-known companies with two-tier share structures include Whitbread, the brewer, WH Smith, the retail and wholesale group and John Laing, the contracting and construction group.

Such share structures have been used by some companies to frustrate takeovers. The famous case is that of the Savoy Hotel, which for years repulsed takeover attempts by the then Trusthouse Forte which owned a large majority of the shares but a minority of the votes.

There is no suggestion, however, that GUS is about to receive a takeover approach.

TT calls for £51m via rights

By Richard Gourlay

TT GROUP, the rapidly expanding electronics company that is emerging from a small diversified conglomerate, is to raise £51m through a 1-for-4 rights issue.

Mr John Newman, a chief executive and former acquisitions manager for Lord Hanson, said the issue will fund further acquisitions, the purchase of new product lines and £40m of capital expenditure over the next two years.

The rights issue comes little more than six months after TT concluded its £13m acquisition of AB Electronics with the help of a £7m placing at 167p.

The issue is priced at 240p, some 53p below where the shares closed on Wednesday, and is underwritten by Samuel Montagu. TT's share closed down 7p at 286p.

Mr Newman said TT had driven a lot of costs out of AB but that it needed now to take advantage of the emerging recovery. "We have got to the stage where we need to invest in automatic equipment to lower the cost base", he said.

TT would also want to buy further product lines and was looking in continental Europe. The group was also interested in making further substantial acquisitions in the electronics field.

Without the rights issue, the group would have been constrained by gearing that is now about 47 per cent after a £12.1m fall in debt since AB was purchased.

The group will pay an interim dividend of 2.6p and a total dividend of not less than 6.6p.

● COMMENT

TT's rights issue is proof of what can be done with a City following. Less than six months after the share placing that financed the acquisition of AB Electronics, TT has transformed its balance sheet with a well-received rights issue. The cash call is clearly opportunistic. The shares are trading only marginally off a record high and the group is clearly spinning off cash. But in spite of this cash flow, gearing at 47 per cent would have limited TT's scope for capitalising on its purchase of AB by investing as the business cycle starts to turn up. The opportunity to make further acquisitions and buy more product lines is the additional prize for winning the City's trust. It is now up to TT to repay that trust by showing the proceeds will enhance earnings.

ASH benefits from reduced costs and improves to £7m

By Paul Taylor

AUTOMATED Security (Holdings), the international electronic security systems company, yesterday reported higher interim profits reflecting sharply lower interest charges and UK reorganisation costs.

For the six months to May 31 pre-tax profits increased from £4.92m to £7.13m although at the operating level they fell because of margin pressures in the core UK alarms business.

The year-ago figures have been restated to comply with FRS 3 accounting standards.

Interest charges were reduced from £8.93m to £3.15m and costs related to reorganisation of the group's UK operations over the past 18 months amounted to £953,000 (£4m).

Mr Tom Buffett, chairman, said the first half had seen a continuation of difficult trading conditions in the UK, while the US operations continued to expand and perform well. He said the group's overall results were "about £1m below expectations" because of the underperformance in the UK.

Earnings emerged at 2.2p (0.4p). The interim dividend is 3.05p (2.25p) with the alternative of an enhanced scrip dividend.

Turnover from continuing operations increased to £74.3m (£64.5m) and recurring revenues grew by 17 per cent to £42m.

Operating profits dropped to £11.2m, including £446,000 from acquisitions, compared to £19.4m a year ago which included £5.75m from the discontinued operations.

Mr Buffett said that in spite of tough conditions in the UK the group had succeeded in retaining its market share.

Revenues from continuing operations in the UK grew by 8 per cent and recurring revenues showed a 5 per cent increase.

He added that the UK cost base had been substantially reduced by the reorganisation which included reducing the workforce by some 700 to 2,200.

Profits warning hits QS shares

By Peter Pearse

QS Holdings, the specialist clothing retailer based in the south of England, announced yesterday that profits in the six months to July 30 would be "substantially" lower than the £3.86m reported last time. The shares fell 70p to 235p.

Mr Marc Walters, chairman, said the downturn would be partly the result of lower sales. This followed "poor weather in April, May and June"; increased pressure on margins, as prices were cut to shift summer stock; and other store groups – driven by recession to emphasise the value-for-money side of their family wear – invading QS' product area.

Mr Walters said the interim dividend would be held at 1.56p. The balance sheet remained strong with net cash and the expansion policy would continue as planned.

NatWest Bancorp at $70m as recovery gathers pace

By John Gapper

NATWEST Bancorp, the US retail banking subsidiary of National Westminster Bank, yesterday continued its recovery from bad debts and poor profitability by disclosing record after-tax profits of $69.8m (£46.5m), against $35.6m for the second quarter.

The bank's first-half earnings, which will contribute to National Westminster's interim profits to be announced in two weeks time, rose to $130.5m ($65.8m).

Mr John Tugwell, chairman and chief executive, said the strengthening of the core business would continue, but in the longer term it had to raise revenues and it was investing in non-interest earnings streams to achieve this.

The bank's provision to loan losses fell to $24m ($30.5m) in the second quarter. The allowance in the balance sheet for loan losses at June 30 was $544.5m, or 3.85 per cent of total loans against $657.5m or 4.63 per cent the previous year.

However, the charge-offs for loans in the second quarter tripled to $91.6m ($31.3m), which the bank said related to losses on several large problem credits for which provisions had previously been established.

Equity capital at June 30 stood at $1.98bn ($1.76bn), and the tier 1 ratio of core capital to risk-weighted assets strengthened to 8.13 per cent (6.65 per cent).

Correction

Spring Ram

Spring Ram made a pre-tax profit of £26m last year. The incorrect reference yesterday to a loss was due to an editing error.

Rentokil offer unconditional

Rentokil, the environmental and property services group, has declared its £75.7m offer for Securiguard unconditional as to acceptances.

By noon yesterday, acceptances had been received for shares representing 40.35 per cent of the security and cleaning company's equity.

Rentokil had already bought 29.7 per cent of Securiguard when it lifted its bid to 345p per share, so now speaks for 70 per cent of the equity.

Ashley Ashwood

Michael Gifford: would prefer the level of indebtedness to be a bit lower but there were no current plans for a rights issue.

Bingo clubs help Rank to £96m

RANK Organisation achieved only a slight reduction in net debt in the 28 weeks to May 15, to £1.09bn, 60 per cent of which is at fixed interest rates of nearly 9 per cent. But there are no current plans for a rights issue, Mr Michael Gifford, chief executive, said yesterday.

"We would like the level of our indebtedness to be a bit lower," he added. "But it's an entirely manageable position, we're not going to rush things." The scrip dividend offered shareholders yesterday will add to the equity base but that was not the motive for it.

The interim pre-tax profit rose to £95.7m from £19.8m, restated from £94m, a year earlier.

Turnover rose from £935.5m to £969.9m. Trading profit from continuing operations was £66.2m (£64m) and overall trading profit was £66.4m (£66.1m). Earnings per share were 14p (restated losses of 7.6p).

Recreation trading profit rose to £32.7m (£29m) on turnover of £363.4m (£348m). Social and bingo clubs were buoyant while casino profits rose on the back of a strong performance in London.

Film and television trading profit fell to £6.7m (£7.2m) on turnover of £307.5m (£287m).

Holiday and hotel profits fell to £7.2m (£13.6m) on turnover down from £153.6m to £150m. The group said weaker results from hotels, particularly in London, had contributed to the fall. Of the profits reduction, £2m had come from hotels now sold. The outlook for the holiday side was more encouraging for the second half, with bookings up 9 per cent.

Trading profits from leisure rose from £15.8m to £22.3m on turnover of £135.3m (£107m). Hard Rock Cafe and the nightclubs improved results.

Net borrowings were £1.1bn, £74m lower than last year.

ShareLink gets £42m valuation from offer

By Roland Rudd

SHARELINK Investment Services yesterday announced an offer and placing of 7.9m shares at 250p each, valuing the telephone-based stockbroker at £42.1m.

Half of the shares are being offered to the public with the rest placed with institutions. It is fully underwritten by Hill Samuel.

Trading starts on July 30 when there will be 16.8m shares in issue.

The company is raising £5m of new money to pay off £3.5m redeemable preference shares and £1.2m of borrowings.

Mr David Jones, chief executive, said he wanted an ungeared balance sheet to enable him to invest in new services.

ShareLink, which currently specialises in equities and traded options, is looking at expanding into insurance and banking. Its two biggest shareholders, Foreign Colonial Ventures and the British Coal pension fund, both of which have a 32 per cent stake, are expected to sell about half their shareholdings.

● COMMENT

There is no direct competitor with which to compare ShareLink. For obvious reasons it likes to compare itself with Direct Line, the company owned by the Royal Bank of Scotland which specialises in telephone insurance and recently trebled first-half profits to £15m. But notwithstanding its plans to expand, ShareLink remains a different animal. It is currently dependent on the stock market and to some extent must be regarded a cyclical stock. The issue price represents 16.6 times pro forma earnings per share before exceptional items and a notional gross dividend yield of 3.75 per cent for year ended March 31. James Capel predicts that pre-tax profits will rise from £3.1m to £5.5m. About £1m of the predicted rise is due to BT3, indicating an underlying rise of 45 per cent. The forecast puts the shares on an undemanding prospective multiple of just over 11.

Sun move prompts market confusion

By Raymond Snoddy

MR RUPERT Murdoch's price cutting exercise at The Sun is causing considerable confusion in the stock market for shares of newspaper groups, with analysts divided on the consequences.

Mirror Group Newspapers and United Newspapers, in particular, have suffered in the aftermath of News International's decision to reduce the price of The Sun from 25p to 20p for the rest of the summer.

At James Capel, media analyst Mr Guy Lamming turned MGN from one of his strongest buys to a sell and believes uncertainty will remain until it is clear how long The Sun is going to stay at 20p.

"If Murdoch was to take a possible irrational decision to maintain the price war it would have a big impact on MGN profits," he said.

The Daily Mirror, Mr Lamming suggested, could not sustain a 7p price differential over The Sun indefinitely.

Four days into the circulation war an early pattern seems to be emerging. The Sun appears to be holding on to a rise in circulation of just over 8 per cent, but the Daily Mirror is still up some 1.5 per cent with the help of its Jurassic Park wall chart promotion. Although the Daily Star is being squeezed by its two bigger rivals, latest estimates put its loss at only 2 per cent.

Overall the popular newspaper market has risen so far by 2 per cent.

The modest sales drop at the Daily Star hardly seems enough to explain a fall of 28p to 516p in the share price on Wednesday of United Newspapers, although the £190m rights issue could be a complicating factor. Yesterday, the price shed another 2p.

"The market doesn't understand price wars. It doesn't like the uncertainty," said Mr Derek Terrington, media analyst at Kleinwort Benson who believes some institutional investors have also taken the opportunity for profit talking.

He believes that MGN is fundamentally a strong and resilient business.

Most ITV shares too high say brokers

STOCKBROKERS Kleinwort Benson warned yesterday that shares of almost all the ITV companies were "dangerously high" and advised investors to take profits, writes Raymond Snoddy.

The only exceptions were HTV, the ITV company for Wales and the west, and Ulster Television, which were both judged to be cheap.

Kleinwort argues that uncertainty will continue while Mr Peter Brooke, the National Heritage secretary, declines to state when he will make up his mind on whether or not to relax ITV ownership rules.

In the absence of firm news, ITV shares, buoyed up by hopes of takeovers and Granada's purchase of a 20 per cent stake in London Weekend Television, would continue to drift back, the stockbrokers believe.

Kleinwort also argues that the economic case for allowing the nine largest ITV companies to merge – something now forbidden by the 1990 Broadcasting Act – was a weak one.

Larger ITV groupings would be more – rather than less – likely to attract predators from continental Europe. The fact that 80 per cent of regional programmes have to be produced locally restricted the cost savings that could be taken out of the system.

"The £100m that has been claimed by Carlton as available to be taken out of the cost base of ITV has yet to be substantiated: it is generally believed to apply only if all 15 companies were to be merged into one," Kleinwort says.

Tiphook turns to Wall Street as confidence recedes

Andrew Bolger on the growing criticism which has been directed towards the transport rental company

THE 9 per cent fall in Tiphook's share price which greeted the transport rental company's change of accounting policy was just the latest signal of discontent from investors.

The wave of criticism following Wednesday's results focused on the confusing way in which the changes were presented and the growing debt burden on the recession-struck group. Standard & Poor's, the credit agency, downgraded its rating of the company from BBB-minus to BB, that is from an investment to a so-called speculative grade.

Tiphook will from now on report in dollars and said its results would more closely reflect US accounting conventions because most of its turnover and financing was in dollars.

The company blamed the accountancy changes for a total charge of £77.3m, which reduced pre-tax profits of £55.5m to losses of £21.8m for the year to April 30.

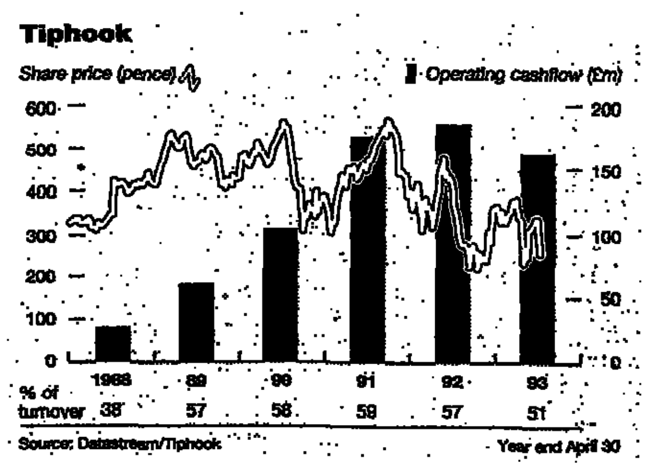
However, analysts pointed out that most of the £77.3m provision would have reduced profits even under the previous convention, although the timing may have differed. The charges mainly related to the unwinding of currency hedging and interest swaps, plus the costs of replacing a £150m preference share issue with unsecured debt.

Tiphook said it had "decided to increase the level of conformity of the group's UK accounting practices with US standards", but was not completely adopting the US GAAP standard. Thus it will make no allowance for deferred tax, which in 1992 reduced profits reported under the US rules by £20.5m.

Mr Robert Montague, executive chairman, said the group intended to remain domiciled in the UK and report under UK conventions, so it could not make allowance for deferred tax.

The group has written off £227m of goodwill against reserves, but may change this treatment when the new UK accountancy standard is set. Under US rules, goodwill is capitalised and written off over 40 years. This has the effect of reducing profits, and in 1992 the group's US accounts showed a goodwill charge of £6.2m.

The focus on accountancy tended to divert attention away from the impact of recession on Tiphook, which operates in 38 countries and has the world's second-largest fleet of containers – after Genstar – and Europe's largest fleet of trailers.



Even before the charge of £77.3m, annual pre-tax profits were down from £86.4m to £55.5m on flat sales of £324m. Container utilisation fell from 88 to 86 per cent, although average rental rates fell by only 2 per cent.

Mr Montague was cautious about the future as the world economic outlook remained uncertain, but also believed the worst was over.

He said leasing businesses such as Tiphook were much better understood in the US, and the group has certainly become more popular on Wall Street. Since 1991 the proportion of the group's equity held as American Depositary Receipts has risen from 2 per cent to just over 50 per cent. About 65 per cent of the heavily geared group's £1bn borrowings are also in the US.

The American enthusiasm has been useful, although it has not prevented Tiphook's share price being halved in less than two years. The proportion of UK shareholders has fallen over that period from from 60 per cent to below 30 per cent and now only one UK institutional investor – Scottish Amicable – retains a stake of more than 3 per cent.

The patience of UK institutions has been strained by unexplained share price falls ahead of two recent company announcements – a profits warning in April and last week's notification of the proposed accountancy changes.

Some investors, disappointed by the company's recent performance, have been pushing for the appointment of stronger non-executive directors and are suggesting the separation of Mr Montague's roles of chairman and chief executive.

Tiphook has four non-executive directors on its nine-man board, including Sir Charles Powell, former private secretary to Mrs Margaret Thatcher. Mr Montague said there were no plans to change the board.

The group has also been asked to change its remuneration policy for top directors. Some shareholders are concerned that last year's remuneration of £842,000 for Mr Montague and more than £500,000 for Mr Rodger Braidwood, finance director, was too high for a medium-sized company outside the FT-SE 100.

Tiphook's most immediate pressing constraint is on the debt front. In the year to April, net borrowings rose from £858m to more than £1bn, with £108m of the increase reflecting exchange rate differences. Gearing increased from 300 to 470 per cent. The group has agreed more relaxed covenants on interest cover with its banks, but the group's articles of association forbid it from having gearing of more than 500 per cent.

Tiphook believes debt will stabilise in the current year. But gearing could breach the 500 per cent limit if borrowings increase by only £58m – not much headroom for a company which last year had a net cash outflow of £50m.

Some analysts believe Tiphook will soon seek new equity, and moving to reporting in dollars will certainly help any fundraising operation in the US.

Wariness towards leasing companies is common in the City, given recent unhappy recent experiences with GPA, the Irish aircraft leasing business, and British & Commonwealth's Atlantic Computer subsidiary.

Faith in management is an essential condition for investing in any leasing company, given the difficulty outside observers have in understanding their complex finances. It is because confidence in Tiphook is now so scarce in London that the group is increasingly looking to Wall Street for support.

Buoyant markets help lift Jones Stroud to £6.5m

By Catherine Milton

JONES STROUD (Holdings), the textiles and electrical accessories group, yesterday reported pre-tax profits ahead from £4.83m to £6.51m for the year to March 31.

The increase was flattered by a £609,000 exceptional provision taken in the previous period. Turnover improved to £70.9m (£65.4m).

Mr Philip Jones, chairman, said: "The rise in profits is due to increased turnover and more buoyancy in our markets, both in the UK and overseas."

"We have some new products," he added, "and we found late last year that the recession lifted a bit. We were the first into the recession and presumably we will be the first out of it as well."

The group supplies the hosiery, electrical engineering, consumer durables, clothing and aluminium tube markets. The textiles market was now the strongest.

Mr Jones said two plants had recently been closed and the vulcanised fibre business consolidated onto one site. The group had incurred some trading loss in the previous period because of this.

An increased final dividend of 5.5p gives a total for the year of 8.8p (8p); earnings per share were 24.85p (18.05p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aberforth Small ......int	2.1	Sept 3	2.1	-	4.6
Auto Security ......int	3.05	Oct 13	2.25	-	5.3
Barbour Index ......fin	5.45	Oct 4	4.85	8	7.25
City of Oxford ......int	1.2	Aug 27	1.2	-	5
Druck § ......fin	6.6	Oct 1	6	10	9.4
Gen Consold Inv ......int	3.9	Oct 1	4.3	-	9.37
GUS ......fin	30.25	Nov 26	27.25	44	40
Hampson Inds ......fin	1.2	Oct 4	1.773	1.6	2.373
Jones Stroud ......fin	5.5	Oct 14	5	8.8	8
Jurys Hotel ......fin	3‡	-	3	5	5
Kershaw (A) ......int	9	Sept 16	9	-	27
Moorgate Inv Tst ......fin	3.8	Sept 6	3.8	5.5	5.5
Norbain Elect § ......fin	1.5	Oct 29	1	1.5	1
Rank Org ......int	10.25	Sept 16	10.25	-	31
River & Merc ......int	2.25	Oct 7	2.25	-	9.2
Welsh Water ......fin	15.7	Oct 4	14.27	23.5	21.4

Dividends shown pence per share net except where otherwise stated. §USM stock. ‡Irish pence.

COMPANY NEWS: UK

End in sight of the Ship Canal battle

Ian Hamilton Fazey on one of Britain's longest and most bitter corporate disputes

THE MANCHESTER Ship Canal Company yesterday recommended a deal to shareholders that should end one of Britain's longest and most bitter corporate disputes.

It should also transform the long term prospects of Peel Holdings, the Rochdale-based property developer.

The Ship Canal Company, 82.2 per cent-owned by Peel, is offering to buy out minority interests for an eventual £33.50 per ordinary share. If it goes through, the Ship Canal Company will be absorbed into Peel and will lose its quotation on the Stock Exchange.

The quote will disappear as the ship canal – one of the wonders of Victorian civil engineering – prepares to celebrate its centenary next year. It still operates profitably as a port, but the last 10 years have put its best markets and prospects in land and property, where it is already proving a sound operator.

Its most alluring prospect is 300 acres of canalside land at Dumplington, on the edge of Trafford Park, at a nexus of motorways which puts 6m people within an hour's drive.

After a series of public inquiries, the government last March gave outline planning permission for its development as a shopping and leisure centre

It was this prospect that first attracted Mr John Whittaker, Peel's chairman, to the ship canal 10 years ago. The problem, however, was how to afford a takeover. But then he and the Manchester office of NM Rothschild, Mr Whittaker's merchant banker, spotted a critical weakness in MSC's share structure that provided a cheap way in.

There were then 8m shares, split evenly between ordinaries and preference. The prefs yielded little, so were less than

Nicholas Berry – an intense dislike for Mr Whittaker

half the price of the ordinaries, which paid reasonable dividends. But each class of share carried equal voting rights. In 1985, Mr Whittaker – acting through one of his private companies – started buying preference shares and any ordinaries he could get.

By the time MSC's incumbent board woke up to the threat, it was too late. Mr Whittaker launched a bid in 1986 having already secured the bulk of the prefs, offering £6.25 a share for the ordinaries and £3 for the prefs.

The market price of the ordinaries doubled, so few ordinary shareholders accepted, but Mr Whittaker got enough votes by the 1987 annual meeting to take control. The first person sacked was Mr Nicholas Berry – son of Lord Hartwell and then owner of Harrap, the publisher – who had bought into MSC at a premium during the takeover battle and become its chairman.

He developed an intense dis-

Mike Arron

Manchester Ship Canal – a wonder of Victorian civil engineering

like of Mr Whittaker, whom he thought had got control too cheaply. He rallied the institutional shareholders to hold out for a better offer. Because they held a majority of the ordinary shares they could block any plans they wished. An offer of £20.70 per ordinary share was rejected nearly five years ago and Mr Berry has been waiting for a better one since.

However, recession limited Mr Whittaker's scope. His private companies were over-extended and he was eventually forced to transfer his MSC holdings to Peel, the quoted company he chairs. In exchange, he allowed his family's holdings in Peel to fall below 50.1 per cent, almost certainly increasing Peel's attractiveness to outside investors, who could previously only watch him at work.

Three factors have now made possible his settlement with Mr Berry:

● Mr Berry's institutional allies drifted away, selling to Peel under recessionary pressures of their own. The last, British Coal's pension fund, gave up in February. This left Mr Berry and the rump of small shareholders. Peel could afford to make an offer.

● Peel has pulled through the recession and last week reported a 34 per cent rise in profits to £9.4m. It is clearing

John Whittaker – critical weakness in share structure

away expensive bank facilities and replacing them with cheaper ones and looks well set to leap ahead as economic recovery gather pace.

● Dumplington's outline planning permission made the land's potential value genuinely negotiable. Even though the government's decision is being appealed by local authority opponents worried about possible effects on city centre shops, MSC expects to win, as the arguments have already been dismissed by public inquiries.

The proposed deal, which Mr Berry thought up and negotiated with Mr Bob Hough, the MSC chairman, reflects this.

The long-term value of the deal, however, will be to Peel's shareholders. As Mr Paul Deakin of Rothschild put it yesterday: "Peel will be able to consolidate and integrate two attractive property portfolios. This will enable everyone to get fuller benefit out of the company."

Recovery signs at Verson as losses drop

By Reg Vaughan

VERSON International, the Midlands-based machinery maker, yesterday announced a sharp reduction in losses for the year ended January 31.

Mr Tim Kelleher, chairman, said the improvement reflected a "materially improved financial performance."

With recession biting, turnover fell from £90m to £82.4m but the group managed to record profits of £1.58m before interest, compared with a loss of £7.64m, after taking account of sharply higher royalty and service fee income of £5.57m (£843,000).

At the pre-tax level the deficit emerged at £3.27m (£12.3m). The results were badly hit by losses from Verson Wilkins, the UK press business, where there was a sharp downturn in demand for new presses and significant cost overrun on the contract, Mr Kelleher explained.

Verson Wilkins' overheads have been materially reduced and directors are in the process of merging its operations with Clearing (UK) and focusing the business on parts and rebuilding work. Mr Kelleher said that this would progressively mean a move back to profitability.

The group is moving forward on a plan to reduce dependence on bank debt to fund expected continuing growth.

On current trading Mr Kelleher said that home market order intake remained depressed.

Shareholder approval is to be sought to eliminate the deficit on the profit and loss account leading to a resumption of dividends.

Blackland moving into China via £27m acquisition

By Deborah Hargreaves

BLACKLAND Oil, a small onshore oil exploration company, plans to acquire Kingsleigh Petroleum, an energy trading company in China, for £26.7m in shares.

Blackland is issuing 761.9m new shares of 1p to Kingsleigh's shareholders and separately placing 286m shares at 3½p in a bid to raise £9.2m net. The new company created by the deal will be called Fortune Oil.

Kingsleigh is involved in trading oil in China as well as the construction of an offshore loading point and 15km pipeline. The transaction will involve 9 Chinese businessmen joining the Blackland board including Mr Sun Zhaoqing, chairman of China National Aero-Technology Import and Export Corporation, as non-executive chairman.

"What we're buying here is connections in China as well as an earnings stream from a major engineering project," said Mr John Mottram, who will be finance director of the joint company.

Blackland currently has a series of small onshore exploration and production interests in the UK. It incurred an operating loss of £321,000 for 1992, compared with £472,000. Losses per share were 3.59p (5.28p).

Mr Mottram said the acquisition would create the first company with a sizeable Chinese shareholding to be listed in the UK. The £9m from the share placement will be used to pay part of Kingsleigh's investment in the Chinese shipping facility as well as pay down group debt.

Hampson dips by 7% to £3.8m and cuts dividend

HAMPSON Industries, the industrial group, increased sales by 8 per cent but suffered a profit reduction of 7 per cent in the year to March 31.

Following a cut in the interim dividend, the final is lowered to 1.2p for a total of 1.6p, against 2.373p. Earnings per share came to 3.13p (3.62p).

Turnover was £79m (£73m) while pre-tax profit worked through at £3.76m (£4.06m). The group's activities take in aluminium refining, precision engineering, home improvements, furniture manufacture, and cleaning.

Mr Ray Ward, chairman, said many of the operations had significant prospects for organic growth over the next three years.

A reasonable proportion of profit and cash flow would be retained – the final dividend carries a scrip alternative – to strengthen the balance sheet and achieve by the end of the period average borrowings significantly below 40 per cent of shareholders' funds.

There was an extraordinary charge of £1.32m (£833,000), covering the loan and guarantee written off to Warmshield and a provision against certain property values. Warmshield is in the home improvements market but in receivership. The bulk of the commitment was made in 1989 in return for an option to purchase 80 per cent of the capital for £1.

NEWS DIGEST

Barbour Index dips to £3.42m

BARBOUR INDEX reported lower profits of £3.42m pre-tax for the 12 months to end-April as the specialist information services company increased development expenditure to combat continuing recession in the construction industry.

The profits decline, from £3.7m last time, came on turnover of £12m (£11.9m).

Mr Jack Dunn, chief executive, said that new sales of microfile services to architects and planners were very low, reflecting falling architectural commissions and new housing starts, but that renewal rates were similar to 1992. However, services to civil, structural and service engineers performed better.

The expanding health and safety microfiles showed substantial growth, Mr Dunn said, with renewal rates again over 90 per cent. The operation accounts for 27 per cent of group revenue, up from 12 per cent five years ago.

He warned, however, that moves to accelerate a new generation of services "may result in our reported profits remaining relatively static over the next couple of years".

Nevertheless, the balance sheet remains strong with cash of £5.51m (£5m) and no borrowings. To maintain a "progressive" dividend policy, the final is raised to 5.45p bringing the total to 8p (7.25p), payable from earnings of 13.8p (14.8p).

Olives settles out of court

Olives Property has agreed an out of court settlement regarding the second of two claims outstanding at the time of the open offer and placing completed last month.

The settlements together will give rise to an exceptional credit of over £900,000 to the profit and loss account. The shares rose 3p to 38p.

The claim by Olives against the Church Commissioners relating to land in Avon Street, Bristol, was for breach of covenant. The Commissioners had acquired the site from Olives and had since sold it with the benefit of a more extensive planning consent than the company was originally granted.

Moorgate lifts net asset value by 9%

Moorgate Investment Trust recovered from a fall in net asset value at halfway to finish the 12 months to May 31 with a value of 140.1p per share, an increase of 9.4 per cent.

Net revenue dipped to £1.43m (£1.5m) reflecting reduced deposit interest and, according to Sir Mark Thompson, chairman, a "particularly harsh environment" for dividend payments from UK smaller companies in which the trust is predominately invested.

Earnings per share emerged at 5.09p (5.37p) and the total dividend is maintained at 5.5p via a proposed final of 3.8p.

Sir Mark said, however, that the total for the current year would be reduced to 4.25p.

Norbain shares leap on doubled profit

Shares in USM-traded Norbain Electronics jumped 19p to 158p yesterday as the security products group announced doubled profits and a 50 per cent lift in dividend for the year to April 30.

Sales increased 71 per cent to £21.8m (£12.8m); of the rise 42 per cent came from the original business and 29 per cent from acquisitions.

Pre-tax profit worked through at £1.01m (£502,000) and earnings were 12.99p (5.7p) – of which 3.46p could be attributed to release of tax provision. The dividend is 1.5p (1p).

35% assets rise at Aberforth Smaller

Over the six months ended June 30 net asset value at Aberforth Smaller Companies Trust had risen nearly 35 per cent, from 122.8p to 165.1p. At June 30 1992 it had stood at 132.6p.

Total revenue for the period came to £2.11m (£2.45m), while net revenue of £1.02m (£1.42m) led to earnings per share of 1.81p (2.53p). The interim dividend is held at 2.1p.

Real Time Control down to £492,000

Real Time Control, the USM-quoted computer systems group, reported pre-tax profits of £492,000 for the year to end-March, against £1.19m.

Turnover dipped from £6.84m to £6.11m. Earnings came out at 4.9p (11.1p); the dividend is maintained at 3p.

Christie Group reduces loss

Christie Group, the specialist business agency, reported a pre-tax loss of £602,000 for the year to March 31, compared with a deficit of £3.51m, restated to comply with FRS 3.

Sales were £15.1m (£17.3m). Losses per share were 2.75p (14.86p).

Hopes rise at John D Wood

If interest rates remain low and confidence increases further, John D Wood, the estate agent, expects to return to profit in the current year.

This follows a significantly better final quarter of the year to April 30, which enabled the year's loss to be cut from £497,000 to £291,000, or from 4.8p to 2.8p per share.

The eight London residential sales offices suffered during last autumn and winter but the last quarter heralded a recovery in that market as a whole.

The country and agricultural department started well but demand almost disappeared in the second half of the year.

Turnover at £4.68m was marginally lower but included a greater number of sales.

Gen Consolidated net assets growth

General Consolidated Investment Trust raised net asset value per capital share by 31 per cent to 238.4p at June 30, against 182p at the end of 1992. Six months earlier the figure stood at 171.2p.

First-half attributable revenue of this split capital trust slipped to £1.46m (£1.65m) and a lower interim of 3.9p (4.3p) is declared.

Earnings per income share dropped from 4.54p to 4.02p.

Druck overcomes first half setback

Despite a first-half setback, Druck Holdings improved turnover and maintained pre-tax profits in the year to March 31.

Turnover of this USM-quoted concern came to £27.9m (£27.3m) and the pre-tax surplus was static at £4.69m. Earnings per share were 48.1p (46.5p) and the final divided is 6.6p for a total of 10p (9.4p).

First-half profits were down at £1.75m (£2.41m).

Explaura listing restored

Dealings in Explaura Holdings, which quarries limestone aggregates in Newfoundland, Canada, were restored yesterday following the USM-quoted company's announcement on Wednesday evening of a rights issue to raise £2.44m.

The shares, suspended at 3½p, edged ahead to 3¾p.

River & Mercantile shows improvement

River & Mercantile Trust reported a net asset value of 183.26p per capital share as at June 30, against 150.39p at the end of 1992.

Net asset value per income share emerged at 70.25p (67.94p) and at 137.36p (134.01p) per stepped preference share.

Net earnings for the six months rose from £3.88m to £4.2m, or from 5.06p to 5.39p per income share. The second interim dividend is maintained at 2.25p.

Second-half fall at Jurys Hotel

A second-half shortfall at Jurys Hotel Group left the Irish hotel operator with pre-tax profits down from I£2.51m to I£2.32m (£2.17m) in the year ended April 30, on turnover little changed at I£26.3m, against I£26.1m.

Earnings per share dropped from 8.3p to 7.6p. The final dividend is maintained at 3p for an unchanged total of 5p.

Profits in the first half had risen 4 per cent to I£2.16m.

Olim Convertible net assets ahead

Olim Convertible Trust reported a net asset value of 79.1p per share as at June 30. The figure compared with values of 67.6p a year earlier and 72.1p at the December year-end.

Attributable revenue was £535,000 (£735,000) for the six months to end-June, equivalent to earnings of 3.57p (4.9p) per share. The interim dividend is 4.3p (4.2p).

Quadramatic 2.48 times subscribed

The offer to intermediaries of shares in Quadramatic, the coin-handling and optical group being floated with a market value of £36.4m, was subscribed 2.48 times.

Granville Davies, broker to the issue, said applicants for up to 20,000 shares would be fully satisfied, while those seeking more would receive about 34.8 per cent of the number applied for. Dealings will start on July 20.

JOBS: Ambitious move to lay down national standards for a type of activity that may not exist

Mythical mice...and middle managers

READERS who are *middle* managers, and the rest of us on their behalf, should perhaps be grateful. For during this past half decade much analytic brainpower has been exerted on a question which, having an awful lot of work on their hands, they themselves are mostly too busy to think about.

The question is what precisely is it that middle managers do for their pay? And the brainpower has been brought to bear by a body named the Management Charter Initiative which has the backing of 1,614 employing outfits, and the blessing of – albeit no longer automatic funding from – the British government. The employers, mostly large, consist of 850 businesses, 293 public-sector organisations and 471 others such as the Royal National Institute for the Blind.

It would be wrong, of course, to suppose that the MCI body is the only one which has lately been pondering the aforesaid question. Many others have done likewise since the recession began, especially in the business sector. Alas their thinking has less often resulted in a definition of what middle managers do than in a decision that, whatever it may be, a lot of it is unnecessary. Hence wholesale firings trendily euphemised as "de-layering".

The charter body, however, has remained above such logic-chopping. Not only has it pursued its inquiries into the various activities and other elements making up middle-management work, but it has published its conclusions in a tastefully designed and systematically organised book* of 134 pages.

Given the wealth of research showing that reading is *not* something managers do unless obliged to, even the book's modest length seems unlikely to make it a best seller among people doing the work the authors analyse. So it's probably as well that, to judge by the tenor of the book, it is mainly intended not so much for middle managers as for their "assessors", who are not necessarily the same kind of animal.

For one thing, whereas mid-rank executives are bidding fair to become an endangered species, assessment is a growth industry.

**Middle Management Standards, MCI, London WC1B 5BZ. £40.*

Indeed the MCI itself is allied to Britain's National Vocational Qualifications scheme set up to award certificates to people deemed to merit same, in parallel to the certificates awarded by the academic educational network.

For another thing, although the job of assessors is to judge suitability for work in middle management, they apparently do not need to have worked as middle managers themselves. Hence their judgment can be entirely uncontaminated by narrow experience of what they are judging. Moreover, thanks to the charter body, they no longer have to rely on rules of thumb such as whether the person under assessment is related to the company chairman. They can be guided by the book's analysis.

The idea underpinning it was evidently originated by American psychologist David McClelland in the 1970s. Its nub is that although any given job may be done in different ways by different people, those who are good at it display certain patterns of skilled behaviour that are essentially the same in all cases. Such patterns are known as "competences".

They are exemplified by the three which Professor McClelland identified in a searching study of how successful diplomats in United States embassies overseas differed from people doing the same job badly.

One thing the successful had in greater degree was political nous: "the ability to figure out quickly who influences whom and what each person's political intrests are. Another was "the ability to hear what people from a foreign culture are really meaning, and to predict how they will react." The third he picked out was "a strong belief in the underlying dignity and worth of others different from oneself, and the ability to maintain this positive outlook under stress."

As a measure of ability to do the diplomatic job well, tests of those three competences proved better than either standard aptitude and intelligence tests or paper qualifications. Even so, the tests were by no means a perfect measure. The professor made no pretence that just looking at the competences was sufficient to judge people's overall suitability for the work. That necessitated considering their performance in the job as a whole.

The British charter body professes to agree. The evidence used in assessment, the book declares, must "...describe the activities required by the occupational role as a whole rather than a fragmented and over-detailed list of tasks."

It then serenely proceeds to list 36 "elements of competence", 258 "performance criteria", and 351 "range indicators" – some of which admittedly overlap from element to element – together with what the MCI evidently regards as a less than complete inventory of 439 sorts of evidence to be evaluated.

While that tally might seem fulsome compared with David McClelland's three competences, there's a point to be remembered. He focused on a specific type of job done in a specific setting. The MCI is spreading its web across *middle management in general*, regardless of economic sector let alone kind of organisation.

Whether such a universal *activity really exists*, however, is another question. True, a well defined entity called "middle" management can be found on *notional organisation charts*: it's the chunk of the pyramid just below "senior" management. But does any such entity exist in the actual workplace *as distinct from* purely on paper?

While the MCI evidently thinks so, numerous authorities on management would disagree. One who'd be apt to do so, for example, is Harvard Business School's Professor John Kotter. A second is Bath University's Professor of Management Iain Mangham, who waxes eloquent on the daftness of the myth that the abilities of *real-life managers* are somehow assembled from a kit of standard competences, as one might construct Mickey *Mouses out of Lego blocks*.

Besides, the charter body's performance criteria are not entirely self-consistent. Take *for example* those on leading meetings. One is that the people invited to attend should be "appropriate to the context and the purpose of the meeting" Another – to which the assessor *is* presumably required to give equal weight – is that "unhelpful arguments and digressions" should be effectively discouraged.

Since people *who indulge* in such digressions can hardly be appropriate to the meeting, surely any leader needing to take the discouraging action must be marked down for having invited them in the first place. On the other hand, if they aren't invited, the leader must lose the ordained mark for deterring digressions because none will arise.

Such details aside, however, the MCI is certainly right in claiming that it has taken a positive step towards establishing standards of management work. The only trouble is that even positive steps can be dangerous when taken on shaky ground.

So before proceeding any farther in its grand bureaucratic endeavour, the charter body should perhaps remember James Thurber's maxim: "One can just as well fall flat on one's face as lean over too far backwards."

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ACCOUNTANCY COLUMN

Developing a strategy for quality research

John Arnold on some of the problems faced in remaining flexible in the search for solutions

THE LATEST four-year strategy from the Research Board of the Institute of Chartered Accountants in England and Wales unveiled this week, highlights key questions in the nature of accounting research.

An important purpose of accounting research is to contribute to the solution of practical problems by enhancing understanding of their causes and consequences. Such problems may be those faced by accountants – how best to account for brands, for example – or those caused by accountants or accounting – like whether current costing techniques result in the best management decisions.

Expecting *all* research to produce short and medium-term benefits is to misunderstand its purposes and potential. Some of the benefits will be long-term. Others will not accrue to the accountancy profession at all.

So who should fund it? In a capitalist economy, costs will normally be borne by those who benefit. Research designed to help accountants should generally be funded by individual firms or by professional bodies.

The funding of research about accountants and accountancy is less clear. If the regulation of the profession is of interest to society at large, then the government should support it. But since the UK accountancy profession is largely self-regulated and wishes to remain so, it might be expected to bear the cost.

Responsibility for funding will depend also on the focus of the research. There is little incentive for individual firms or even particular industrial or professional sectors to fund basic research as the benefits are long-term, sometimes speculative and widely spread, such as the effects of the increasing internationalisation of capital markets.

So basic research in accounting is often funded by the government. But reductions in public sector grants during the past decade raise the possibility that the accountancy bodies should attempt to make good some of the deficit, as part of their duty as learned professional bodies.

Applied accounting research normally produces results which are valuable to the accountancy profession as a whole, such as standard setting, auditing practices or corporate governance. It is an area where there is an obvious need for the professional bodies to provide support.

Accounting development, or technical work, such as the development of a management accounting system for a particular firm, will often provide benefits which are peculiar to particular organisations or firms. So it is reasonable to expect those who benefit from the research to fund it.

The new research board strategy document reflects these arguments. The primary objective is to assist the Institute to fulfil its principal object: "To advance the theory and practice of accountancy in all its aspects, including in particular auditing, financial management and taxation".

In the last four years, the board has invested over £750,000 in research, sponsored almost 100 new projects and published 37 books and monographs. Much has influenced policy making. For example, projects or publications supported during the past two years which helped the Accounting Standards Board include goodwill and other intangibles, depreciation, *the accuracy of property valuations*, the information content of cash flow disclosures under FRS 1, reductions in disclosure requirements, segment reporting, summary financial statements, marking to market, discounting in financial reporting, accounting for acquisitions and mergers, and the future shape of financial reports.

Of interest to the Auditing Practices Board have been topics such as the *audit expectations gap, audit committees* in large UK companies, the expanded audit report, the impact of audit regulation, and a survey of auditing in the UK.

The board's achievements have extended further. Projects have included the use of accounting information in bank lending decisions, accounting systems in the context of changing management practice, the hidden costs of tax compliance, financial risk in capital budgeting, the development of an environmental research agenda, Housing Association accounting, financial reporting and management accounting in the regulated industries, and a project funded jointly with the Economic and Social Research Council on the extent to which UK and US share prices reflect accounting earnings.

The board has also sponsored three joint projects with the Centre de Recherche et de Documentation of the Ordre des Experts Comptables, into comparative French and English treatments of pensions, goodwill and depreciation, published a book on financial reporting in Japan, and commissioned a series of 12 books on financial reporting in Europe.

The new strategy document – *which offers up to £275,000 a year* – seeks broadly to continue and develop previous successes. But it differs from its predecessors in one important respect. The board is interested in high quality research in all the main areas of the discipline and, in the face of some opposition from those who believe that it should define a detailed research agenda, it has decided not to dictate a detailed programme of prior*ity areas for research*.

Such a programme may be unduly inflexible and would quickly become outdated. The board will continue to seek suggestions from the Accounting Standards Board, the Auditing Practices Board and relevant institute committees as to research relevance.

The board will continue with five principal activities:

- Sponsoring research projects. Projects may range from a few hundred pounds to £50,000 or more. Although there is no detailed programme of priority areas, the current agenda includes accountability within the business community and the public sector, the national and international reform of financial reporting, the role of accounting and auditing in regulation, the use of accounting information to support management decision-making, improving environmental accountability and the development of a fairer and more efficient system of taxation and social security.
- Disseminating research findings. The board attaches the greatest importance to making findings as accessible to as wide an audience as possible, through books, research monographs and articles in academic and professional journals.
- Organising and sponsoring conferences, seminars and workshops. The board will continue a programme on major subject areas and on themes which are multi-disciplinary.
- Developing the infrastructure for accounting research. Accounting and finance is a relatively young discipline in UK universities and it requires support. Existing help includes the Institute Academic Fellowships Scheme, which contributes to bridging the difference between academic and commercial salaries for leading young academics, a database *group which collects* information about the range of databases available and their potential uses, archives for the Accounting Standards Committee and the Auditing *Practices Committee*, and sponsoring the British Accounting Association's annual doctoral colloquium and summer school for younger academics.
- *Organising specialist* groups to advise on particular subject areas. Currently these offer advice on developing the research base in auditing, taxation, and international affairs, and identify areas of relevance to the profession.

The board is entrusted with research funds which are substantial by accounting standards. It hopes to invest them as productively in the next four years as it has in the past.

Research Board's Strategy 1993-96. Research Board, ICAEW, PO Box 433, Moorgate Place, London EC2P 2BJ. John Arnold is director of research at the Institute of Chartered Accountants in England and Wales.

FINANCIAL DIRECTOR DESIGNATE

Warwickshire

The company is a member of a successful group specialising in the construction services industry.

They are seeking to recruit a Financial Director Designate to run the financial operations of their Engineering Services Company. The company is nationwide and has several profit centres with a turnover of £100m.

Reporting to the divisional Managing Director, you will have all the normal responsibilities of a Finance Director. In particular you will be expected to make a significant contribution to the development and growth of the division by using your skills obtained in both financial and commercial environments.

To be considered for this position it is essential you are a commercially aware, qualified accountant with a background in construction and contracting. You should possess an in-depth knowledge of computerised accounting systems and a proven track record in management.

There is an excellent benefits package including salary, fully expensed car, pension and health insurance.

To apply please send a comprehensive C.V. including current salary details quoting reference M741 to: Barkers Human Resources (Midlands) Ltd., Berwick House, 35 Livery Street, Birmingham B3 2PB.

Your CV will be forwarded to this client only. Please indicate any company to which your details should not be sent.

BARKERS

OFFICES IN: BRISTOL • LONDON • NOTTINGHAM • MANCHESTER GLASGOW • EDINBURGH • BIRMINGHAM. TEL 021-212 4888.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Vous fait part d'un accord publicitaire avec les ECHOS le quotidien économique le plus important en France. Dans la rubrique "Offres d'emploi Internationales", une annonce conjointe dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraitront dans les Echos le mardi et dans le Financial Times le mercredi ou le jeudi (le vendredi dans l'Edition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:

CLARE PEASNELL

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AMBITIOUS ACCOUNTANT

SIGNIFICANT PROJECT AND CHANGE IMPLEMENTATION THROUGHOUT EUROPE

Based Herts
Excellent package

Sun Chemical, a subsidiary of one of the world's most diversified chemical companies, is the largest graphic arts supplier in the world.

Their printing inks division, which has successfully introduced innovative products to meet the industry's changing needs, has continued to expand.

This unusual, career-development opportunity in the European operation, which spans 13 countries and has a turnover approaching $700m, has been created to devise a coherent financial reporting strategy and manage its successful implementation.

You'll be responsible to the Group Financial Director for researching and analysing current practices, which will demand considerable liaison with each operating Financial Controller, and gaining consensus to your recommendations.

As a qualified accountant, your strong interpersonal and influencing skills will be more important than your particular background. However you must be able to assimilate quickly all aspects of a manufacturing/process environment and enjoy the challenge of change. Considerable European travel will be required.

An excellent package will be negotiated to suit individual circumstances. You can look forward to attractive career development prospects following success in this role.

Please send your cv, in confidence, quoting reference: **6065/AM/FT**, Andrew Millard, **PA Consulting Group**, 123 Buckingham Palace Road, London SW1W 9SR.

SunChemical

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Creating Business Advantage

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Finance Director

Midlands **c £50,000 + Bonus + Car + Share Options**

Committed to quality and customer service, our client is an autonomous £200m turnover subsidiary of a leading brewing and leisure plc.

Involved in the wholesale and distribution of numerous branded beers, a major objective is the continued development of their portfolio and activities.

Working closely with the Managing Director and senior management team, the individual will carry responsibility for managing the entire financial infra-structure of the business during a challenging, expansionary phase. The brief will cover all aspects of management and statutory reporting but significant emphasis will be placed on the ability of the candidate to provide broader financial advice to the Board.

The successful applicant will be expected to make an immediate contribution to the profit, performance and strategic development of the business.

Candidates, aged 32-55, will be qualified accountants/MBAs with broadly based experience gained at executive level in a customer led organisation. In addition, well developed commercial skills along with a high degree of personal presence and maturity will be essential to enable a significant contribution to be made within a dynamic environment.

Interested candidates should write to **Joe Graham BA CA, Executive Selection Division, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller
(Director Designate)

London **c £40,000 + Car**

Our client is the UK's leading telecommunications media services company and is a subsidiary of a major global media group. The company has an impressive domestic and international client base, with sales of £11 million and substantial operating profits. The business has grown rapidly, both organically and through acquisition in the UK and Europe, giving the company the leading share of a growing market.

The Chief Executive wishes to appoint a Financial Controller to support the business through the next phase of expansion. The successful candidate will head a small team with full responsibility for financial management both in the UK and overseas, together with control of all business administration, research engineering, personnel, legal and building services management. This key role will involve extensive contact at Board/management group level as the individual will be expected to make a significant contribution to the continued profitable growth of the business.

Candidates, aged up to 40, must be graduate calibre, qualified accountants with a successful track record gained in a media related or other fast moving environment.

Applicants should be able to demonstrate a 'hands-on' approach to business and the intellectual ability to contribute to management decisions. Equally important are the personal qualities which must include a mature, personable, persuasive and confident manner together with the commitment, drive and self-motivation required to follow commercial projects through to a successful conclusion.

Interested applicants should forward a comprehensive curriculum vitae (including salary details and daytime telephone number) to **Guy Matthews** or **Alan Dickinson FCMA, quoting ref: 158527, at Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Finance & Commercial Manager
Construction/Engineering Projects

Surrey **c £42,500 + Bonus + Car**

Our client is a leading American professional engineering consultancy with revenues of $600m and a track record of strong profit performance. The Group operates internationally, offering a turnkey contracting service through a series of subsidiaries and joint ventures.

This is a new position designed to increase focus on the rapidly growing UK and European businesses and to provide full financial/commercial support to the Chief Executive in all areas of future business development. The initial brief will be to design and implement a full suite of business control and administration systems on a 'greenfield site', which will be capable of providing rapid, accurate information and analysis during a period of significant change.

Candidates, aged up to 35, should be graduate, qualified accountants, who have gained broad experience of financial control, management reporting and systems development in the construction or project engineering sectors and who are capable of developing into a wide ranging commercial/general management role.

Interested applicants should forward a comprehensive curriculum vitae, **quoting ref 158312,** to **Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.**

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Sales and Trading Controller

A diverse role for a Japanese speaking accountant

Tokyo

Jardine Fleming Group Limited is an old established leading Merchant Bank with an enviable reputation in the Far East.

This unusual position combines the necessary monitoring and reporting facets (including risk, commission and financial analysis) with responsibility for the systems and information feeds within an active dealing room.

It follows that ideal candidates, probably in their late twenties, will be qualified accountants with two or three years experience within the financial services sector. An understanding of the demands (technical and human) of a trading environment is essential and Japanese language skills, at least to a comfortable level of fluency, are also a prerequisite.

This is a rare opportunity open to young enthusiastic and ambitious accountants looking for the undoubted value of Far East experience. The expatriate salary and benefits package will be more than attractive to the right individual.

Please send full career details **as soon as possible** please to **Malcolm Lawson** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF**, quoting reference no: A1030, or alternatively, telephone 071-287 7007 during the working day or 0323 485580 in the evenings.

CJH Codd · Johnson · Harris

Financial Controller

South Wales **£30,000 + Car + Relocation**

Our client is a manufacturing subsidiary of a multi-national market leader. Committed to growth and development, the company is innovative in its approach and uncompromising in offering customers the highest quality products and service in a competitive market place. To help achieve strategic objectives, a challenging and exciting opportunity has arisen for a high calibre accountant to join the senior management team.

Reporting to the General Manager and functionally to the UK Finance Director, key responsibilities will include the following:

- Production and interpretation of management information, budgets and long term plans.
- Compilation of financial and statutory information for group reporting.
- Development and control of management information systems.
- Control of a small but high profile team.
- Full involvement in strategic decision making as part of the senior management team.

Suitable applicants will be qualified accountants with a track record of career progression and management of change within a manufacturing environment. Strong communication skills, demonstrated commercial awareness and the ability to influence at board level are essential prerequisites. In return the company offers an attractive package and an opportunity to acquire some excellent experience within a progressive organisation going through an important stage in its development.

For further information please write to **Paul Toner, Regional Manager at Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL.** Please enclose a comprehensive curriculum vitae.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

GROUP FINANCE DIRECTOR

CADOGAN

CENTRAL LONDON **£80,000 + Benefits**

Our client, Cadogan Estates Group, owns a prestigious mixed commercial and residential estate covering 90 acres in Knightsbridge, property interests outside London and a non-property arm including manufacturing companies and a furniture retailing operation.

Cadogan Estates Group is poised to implement a medium to long term commercial strategy to consolidate and improve its portfolio, taking account of the impending Leasehold Enfranchisement legislation. To drive through policy and structural changes, there is a need to appoint an experienced Group Finance Director.

Reporting to the Chief Executive, the Group Finance Director will be responsible for all accounting matters and the formulation of accounting policy. You will be expected to play a major part in the overall management of the Group, and will have functional control over all businesses, including liaison with professional advisers. Relationship management in the true sense will be an important aspect of the job.

Candidates should be qualified accountants with outstanding technical and presentation skills. A knowledge of property and manufacturing would be an ideal combination to tackle this demanding role. Additionally, a background in systems development together with experience of negotiating with banks at senior level would be a pre-requisite.

Please reply in writing, enclosing a full career history, to David Kennedy, CEDAR International, 15 Bloomsbury Square, London WC1A 2LJ.

CEDAR INTERNATIONAL
CORPORATE • EXECUTIVE DEVELOPMENT • AND • RESOURCING

union RAILWAYS

Six figure package — *London*

Finance Director

Union Railways will be responsible for the development of the high-speed rail link between King's Cross and the Channel Tunnel. In addition to providing the main rail link to continental Europe it will significantly increase and improve the quality of journeys between Kent, Essex and London. It will be one of the largest construction projects ever in the UK and will be funded by joint ventures under the Government's Private Finance Initiative. This high profile enterprise requires a Finance Director of exceptional substance and stature to establish disciplined financial structures and ultimately raise £2+ billion of private investment.

- Responsible to the Chief Executive for the establishment and management of the full range of financial controls and disciplines. Recruiting a top quality team and directing the implementation of plans, controls and systems.
- Lead role with the Chief Executive in structuring and presenting financing proposals to investing institutions. Negotiating and monitoring financial agreements with potential partners and users.
- Key contribution to top level strategy development. Controlling an increasing annual budget, initially of £100m+. Selecting and controlling professional advisors.
- Top flight Finance Director with a record of success and appetite for a major career challenge. High level intellectual capabilities and technical skills with reputation for significant developments in finance in a major corporation.
- Disciplined analyst and planner. Robust negotiator who has successfully concluded high-level contracts. Extensive experience of City institutions and in raising significant capital investment. Exposure to international finance and Government useful.
- Strong commercial orientation with maturity and toughness. Well-developed managerial, interpersonal and communication skills with collegiate style.

London 071 973 8484
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. FS1640731, 16 Connaught Place, London W2 2ED

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c. £80,000 package + options + benefits — ***Acquisitive Blue-Chip Multi-national*** — ***South West***

Finance Director

£300 million turnover division of a major UK Group with dominant brands and Continental European operations, is committed to rapid acquisitive growth over the next five years in Europe, the US and Pacific rim. Newly-appointed CEO seeks a highly-experienced Finance Director to work closely with him to achieve this programme. Excellent longer term prospects.

- Key role in determining the acquisition strategy as part of a wider corporate plan. Lead role in identifying, evaluating, negotiating and integrating suitable companies.
- Instil sharper financial awareness and tight financial disciplines across all functions within the businesses. Upgrade the MIS systems and working capital controls, and manage Group reporting through a small team.
- Become influential and valued in the Group-wide decision-making processes at the highest level.
- Bright, mid 30s+, qualified accountant with an excellent track record in well-regarded international organisations, ideally in the FMCG/food sector.
- Evidence of astute commercial judgement and demonstrable talent in driving an acquisition programme. Language skills beneficial.
- Tough, determined and innovative. An ambitious influencer and achiever. First-class interpersonal and communication skills with ability to inspire and motivate.

London 071 973 8484
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F21630731, 16 Connaught Place, London W2 2ED

Sony Music

INTERNATIONAL CORPORATE AUDIT

COLUMBIA TRISTAR

£ EXCELLENT — CENTRAL LONDON BASED

The Entertainment Businesses of Sony operate in a variety of sectors including film, television and video, music, computer games software and merchandising. Increased diversification and growth have led us to create a Corporate Audit team responsible for Europe, the Middle East and Africa, with a remit to review and influence the financial and operational control procedures across our range of businesses, including third party licensees and agents.

We are seeking to build a team, reporting to the Director of Audit, Europe, with the technical and interpersonal skills to adapt to widely differing business operations and cultures, and with the personal flexibility to spend 80% of the time on assignments outside the UK.

We are looking for:

- **Lead Audit Senior**
  There is an opportunity for a Big 6 ACA with 2/3 years PQE to hold a senior position in the team having sole day to day responsibility for assignments. The successful candidate will have demonstrated the ability to supervise and control effectively in his/her current environment.
- **Audit Seniors**
  There are also a number of entry points for newly or recently qualified Big 6 ACA's or qualified ACCA's with relevant industry experience.

Highly developed communication skills are essential, and European language ability is a distinct advantage.

We expect a commitment for at least two years before candidates are eligible for consideration for line roles dependent upon individual development and achievement.

These challenging roles will provide committed and flexible team players with an opportunity to develop in exciting and dynamic international environments, working within a high profile and professional function.

If you would like to apply, please send a full cv to our consultant, **Jon Boyle ACA, at Robert Walters Associates, 25 Bedford Street, London ,WC2E 9HP.** Tel: 071-379 3333. Fax: 071-915 8714.

ROBERT WALTERS ASSOCIATES

Group Accountant

Central London

c £35,000 + Bonus + Car + Benefits

Our client is a growing pharmaceutical company with a $100 million turnover and 15 subsidiaries worldwide. We are recruiting a Group Accountant to work with the Group Financial Director in the company's small London Head Office.

Principal activities will include the review and analysis of subsidiary results, the coordination of the group's management and financial reporting processes including: monthly management reports, statutory accounts, budgets and the business plan. Other responsibilities will include elements of cash management, liaising with the group's auditors, systems development (Lotus) and various ad hoc assignments.

Ideally candidates should be graduate ACAs from the 'Big 6' with around 5 years post qualification experience, some of which should have been gained in industry or commerce and should include multi-currency consolidations, spreadsheet development as well as preparing reports to board level.

A hands on approach and good communication skills are essential.

Interested candidates should send their c.v. to **David Brownlow, Douglas Llambias Associates Ltd, 410 Strand, London WC2R 0NS. Tel 071 836 9501 Fax 071 379 4820**

DLA DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

THAMES VALLEY — **c £40,000 + SUBSTANTIAL EXECUTIVE BENEFITS**

Financial Director

Our client has gained a strong reputation for innovative product design and development and is a prime supplier of communications software to many of the country's leading blue-chip organisations. Established over ten years, this autonomous £3m turnover organisation, which has an impressive track record, is seeking an experienced financial manager to strengthen its small, cohesive management team.

Reporting to the Managing Director, you will have total responsibility for the finance and accounting functions. Active in driving forward financial performance, you will also be required to provide an informed commercial perspective on a broad range of business issues. Initial objectives will include the further development and implementation of management information systems and the advancement of management reporting essential to secure the key information to control and plan the commercial success of the business.

A graduate, qualified accountant, probably in your early 30s, you will ideally have gained experience in a commercially strong, high technology organisation. You must be capable of managing and developing the finance/accounting function in an effective and economic manner, and be able to apply creative and practical solutions to ongoing and developing issues. A "hands on" and enthusiastic individual, you must have the appropriate interpersonal skills and personality to adapt to and handle the rigours of a complex and fast-moving business actively pursuing development and change.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE879 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

Financial Controller

c £35K package + car — **Oxfordshire**

Our client is a highly successful sales and marketing subsidiary of a Hong Kong electronics manufacturer. Since their UK opening in 1988 they have grown sales to over £10m. Prospects for continued, profitable growth are superb.

Reporting to, and working closely with the Managing Director you will play an increasingly important role in the management and the strategic planning and development of this rapid growth operation. A pro-active, results oriented approach that 'adds value' to the development of the business is vital.

You will be directly responsible for establishing effective financial controls, the provision of commercially useful management reports and the management of a small finance team. Actively involved in commercial issues concerning product cost, pricing, margin and profitability, you will quickly become the focus for commercial expertise and advice. Your responsibilities will also encompass the company secretarial aspects of the business.

Candidates, should be qualified Accountants with broadly based financial, administrative and management reporting experience gained in a progressive, commercial environment. Proven success in developing and effectively operating computerised accounting systems is also essential.

In the first instance please write with comprehensive CV including full remuneration details to: *Kay Graham, Regional Personnel Manager*, Grant Thornton, Westminster Way, Oxford, OX2 0PZ. The closing date for applications is 26 July 1993.

Grant Thornton
PARTNERS IN ENTERPRISE

FINANCE MANAGER

SLOVAKIA

LEADING GLOBAL, FMCG COMPANY
Outstanding Package

The Company

Our client, well known for its leading global brand and with extensive interests and activity in Central & Eastern Europe, seeks a Finance Manager for its recently-established, stand-alone enterprise in Bratislava. Corporate activity in Slovakia encompasses sales, marketing, distribution and the acquisition and development of a dedicated production facility.

The Position

Full responsibility for country-wide financial and management accounting, budgeting and systems development, cash management, tax and compliance, treasury and banking relationships.

Report to the Country Manager.

Recruit, manage and develop a local finance team and build a finance function, interacting with counterparts in Prague.

Qualifications

Bilingual Slovak/Czech and English speaking.

Commercially qualified accountant with significant financial controls, systems and management experience.

Minimum of six years experience with a Western international corporate, ideally with sales, distribution and manufacturing activity.

Clear communicator, high energy, adaptable to emerging market environment.

Applicants should write in strict confidence, enclosing a full curriculum vitae, to David Miller, Director, quoting reference 13989.

Miller Leake ADVERTISING

4th Floor, Harling House,
47-51 Great Suffolk Street, London SE1 0BS
Telephone: 071-620 3002 Facsimile: 071-620 3005

A part of Severn Trent plc

FINANCIAL ACCOUNTANT

HIGH WYCOMBE

Biffa Waste Services, part of Severn Trent Plc, are one of the leading waste management companies in the UK market today.

A vacancy has arisen for a Financial Accountant who will be based at the company's head office in High Wycombe. Reporting to the Financial Controller you will be responsible for:

- *Reporting of consolidated monthly and annual results to Severn Trent in compliance with deadlines and formats specified by Severn Trent.*
- *Production of detailed balance sheet and cash flow information for monthly board reports.*
- *Liaison with Severn Trent group taxation and external taxation consultants in the production and review of annual tax computations.*
- *Preparation of statutory accounts.*
- *Production of quarterly VAT returns and maintenance of VAT records.*
- *Ensuring the maintenance of up to date reconciliations of a wide range of balance sheet accounts.*
- *Co-ordination of the production of information for quarterly Finance committees.*
- *Assistance with ad hoc tasks as requested by Financial Controller and Finance Director.*
- *Completion of statistical returns.*

You should hold a major accounting qualification and have at least three years' post-qualification experience in a Finance Department. A good working understanding of current VAT and taxation legislation would be beneficial, though a detailed knowledge is not essential.

The position will be based in High Wycombe and applications are only invited from candidates who will not need to relocate in order to take up the position. A company car and attractive salary form part of the package, together with the usual range of benefits associated with a large and successful company.

Applications should be made in writing enclosing a CV and quoting current salary to:-

Mrs Caroline Neal, Director of Personnel
Biffa Waste Services Limited, Coronation Road
Cressex Industrial Estate, High Wycombe, Bucks, HP12 3TZ

Biffa WASTE SERVICES

BIFFA WASTE SERVICES IS AN EQUAL OPPORTUNITY EMPLOYER

BURSAR

The Queen's University of Belfast invites applications for the post of Bursar which will become vacant on 30 September 1993 upon the retirement of the present holder. The Bursar is a member of the senior management team and will be expected to make an important contribution to the policy-making and strategic planning processes of the University. The Bursar is responsible to the Vice-Chancellor for the financial business of the University and associated administrative services.

Applicants must possess a university degree, or be a fully-qualified member of a professional accountancy body (ACA, ACCA, CIPFA, CIMA, etc. or equivalent). Possession of a relevant further qualification such as the MBA may be advantageous.

Applicants must have a successful record of achievement at a senior management level in a large complex organisation, and, in particular, of financial administration, and be able to demonstrate an ability to contribute to the development of the University.

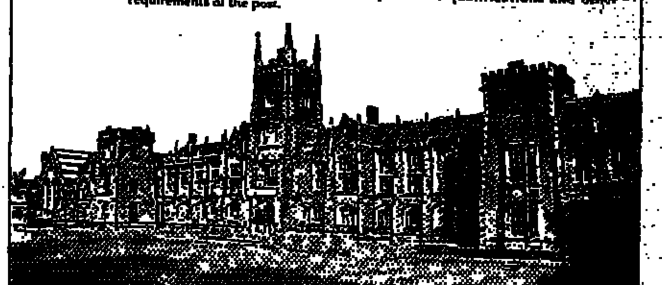
Candidates will be expected to demonstrate a knowledge of the funding framework within which universities in the United Kingdom and Northern Ireland operate.

The salary payable will be within the professorial range and, to reflect the seniority of this post, will *not be less than £40,000* per annum. The successful applicant will be eligible for membership of the Universities' Superannuation Scheme.

Further particulars of the post may be obtained from the Personnel Officer, The Queen's University of Belfast, University Road, Belfast BT7 1NN (Telephone 0232 245133 ext. 3058, or FAX (0232) 324944).

Applications accompanied by a full curriculum vitae together with the names and addresses of three referees should be submitted to the Vice-Chancellor at the above address by 6th September 1993.

The University is an Equal Opportunity Employer and welcomes applications from all sections of the community. The University reserves the right to interview only those applicants who appear, from the information available, to be the most suitable in terms of experience, qualifications and other requirements of the post.



The Queen's University of Belfast

Financial Controller

Financial Services

Athens

Excellent Package

Our client is a dynamic and innovative leasing subsidiary of a leading European Bank. With a network of specialist operations throughout Europe, the organisation is perfectly placed for expansion.

Rapid, but controlled growth, has generated the need to recruit a high calibre Financial Controller for the Greek company, based in Athens. This is a proactive role with responsibility for an existing finance department covering all financial aspects of the business, including the production of monthly management information, annual budgets, tax planning and ad-hoc financial projects. In addition the successful candidate should be capable of supporting the Managing Director in planning the development of the business.

The successful candidate should be a qualified accountant with post qualification experience in a financial services environment. The maturity to manage a team and report to tight deadlines is essential, as is the ambition and innovation to succeed in a challenging environment.

The ability to converse in Greek would be a distinct advantage.

Interested applicants should call, in the strictest confidence, either Robert Walker or Jonathan Jones on 071-287-6285 or, alternatively, forward a curriculum vitae to our London office quoting Ref: RW 1333.

WALKER HAMILL
Financial Recruitment Consultants
29-30 Kingly Street, London W1R 5LB
Tel: 071 287 6285
Fax: 071 287 6270

SENIOR GROUP ACCOUNTANT

THORN EMI

THORN EMI is the publicly quoted parent company of a diverse international Group Its strategy is to focus on businesses with world-class competitive strengths. The two main businesses. EMI Music and THORN EMI Rental have demonstrated its success by building world leadership positions through creative. flexible and imaginative management

The company is currently going through a period of rapid change and urgently seeks a qualified Accountant to join its highly motivated corporate head office team in a senior position. Reporting to the Group Chief Accountant. you will be responsible for the production of the Group financial statements and monthly board report. You will also be a major player in one of the department's key objectives this year - the further development of leading-edge computer systems. Other duties will include the review. interpretation and explanation of changes in the regulatory framework of accounting and the analysis of the impact of these changes on the Group. The incumbent will also be involved in numerous ad-hoc projects. including any acquisition and disposal activity.

The successful candidate will preferably be an ACA or ACCA. aged late 20's to early 30's. with 4 years' PQE. Strong and up-to-date technical accounting knowledge is essential. Since the role will involve considerable interface with the most senior levels within the company. an ability to communicate effectively and demonstrate initiative is prerequisite. This high profile position will provide the successful candidate with the opportunity to progress significantly within the Group.

c£35,000
+ FX Car
+ Benefits
West London

Please apply directly to Marc Eschauzier at Robert Half. Princess Beatrice House. Victoria Street. Windsor. Berks SL4 1EH. Telephone: 0753 857777. or alternatively fax your details on 0753 841676.

Any CV's submitted directly to THORN EMI will be forwarded to Robert Half.

ROBERT HALF
THE HUMAN FACTOR

Are you seeking Partnership?

SOUTH BUCKS

Haines Watts, a top 20 firm servicing private sector businesses, is seeking potential partners to make a real contribution to the growth of the business in the future.

Candidates will be aged late 20's or early 30's and should possess the following attributes:

- Top 6 firm training
- Motivated by success
- Excellent interpersonal skills
- Results orientated
- Business winner
- Entrepreneurial
- Creative

To be considered you should apply in writing to Colin Fletcher, Haines Watts, 27b Couching Street, Watlington, Oxfordshire OX9 5QF.

Haines Watts
CHARTERED ACCOUNTANTS
The Positive Alternative

Financial Controller

Leamington Spa c£30,000

Applied Geology Ltd., a subsidiary of a large American consulting Group, has established an enviable reputation for multi-disciplinary consultancy in the fields of infrastructure and environment.

As part of a world-wide, client driven consulting Group, Applied Geology, with its young and well-motivated team, is embarking on a significant programme of development and growth.

As Financial Controller, you will report directly to the Managing Director and you will play a major part in providing the necessary framework of financial procedures and reporting as an integral part of effective project management, maximising the contribution of financial control to profit performance. You will become fully involved in the strategic plan to grow the company. Applicants will ideally need to demonstrate at least four years commercial experience, ideally gained within a Group. Experience of a fast-moving consulting or project based environment would also be advantageous. A high degree of commercial acumen and the ability to relate to the needs of a worldwide consulting Group are essential. The ability to work with a computerised accounts and job costing package is critical.

Candidates who meet these criteria and want to make a positive contribution are invited to apply to Steven French, quoting reference B/431/93. Closing date for receipt of applications is Monday 26 July 1993.

KPMG Selection & Search
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

Management Accountant

Package c£23,500 Plus Benefits
Poole, Dorset

Interpayment Services Limited is a wholly owned subsidiary of Barclays Bank, managing their Travellers Cheques and Foreign Currency business. It is a global business and one of the World's leading providers of Travellers Cheques.

Reporting to the Global Financial Controller, this position offers an excellent opportunity to gain all-round, front-end experience in a commercial environment. You will be responsible for consolidating our global financial information for the Executive, including management and statutory reporting. Leading a small but motivated team, you will also be expected to enhance and develop existing management information within the business.

The successful candidate is likely to be:-

- Aged 25-32, and educated to graduate level.
- ACA qualified, with a minimum of two years' PQE.
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POLAND

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This is a challenging position which will involve you closely in the key activities of the Authority. You will therefore be CCAB qualified or hold an equivalent business qualification and have substantial experience in financial management. You will possess authority, energy and initiative and will have excellent communication, presentation and interpersonal skills.

For a job description and application form please contact Pamela Flaxman, Personnel Officer, Camden and Islington Health Authority, 110 Hampstead Road, London NW1 2LJ. Tel: 071 383 4888.

Closing date for completed applications: Friday 6th August, 1993.

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Please write enclosing full curriculum vitae quoting ref: 121 to:- Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP.

Tel: 071 839 4572. Fax: 071 925 2336.

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Closing date for applications: 30th July 1993.

Oil prices plunge on fears of Iraq-UN export deal

By Deborah Hargreaves

WORLD OIL prices plunged to three-year lows yesterday as traders feared Iraq was close to agreement on limited exports in talks with the United Nations. Although London and New York prices recovered slightly after sharp drops in late trading on Wednesday, the price for North Sea Brent crude remained at its lowest since June 1990.

During the day the North Sea Brent blend price for September delivery slipped 22½ cents to $16.45 a barrel from the official close on Wednesday, but in after-hours trading on Wednesday it had touched $16.25 a barrel.

By yesterday's close it had steadied to $16.66 a barrel but traders were not ruling out a renewed decline.

"It's dropping like a stone and there's no bottom in sight yet," said Mr Peter Gignoux at Smith Barney in London.

Iraqi officials, who were attending the UN talks in New York, left on Wednesday for Baghdad with a draft agreement, but it did not cover all the technical points necessary for the oil sale. The Iraqis want to sell $1.6bn-worth of oil to pay for humanitarian aid.

UN officials said the talks would resume next week although they declined to specify on which day. If an agreement is reached on the sale, Iraq will probably be able to deliver between 500,000 and 600,000 barrels a day for six months. But it is unlikely that oil would reach the market before September.

Prospects for the oil market until then look pretty bleak. Traders say buyers are reluctant to return to the market until the uncertainty over the oil sales is removed. In addition, speculation over action by members of the Organisation of Petroleum Exporting Countries has been heightened by the weak market.

"Traders are trying to come to terms with the impact of possible Iraqi sales and any remedial action Opec might take," said Mr Andrew LeBow, analyst with E.D.F. Man, the New York trading house.

Opec has continued its telephone diplomacy, with several ministers including the Kuwaiti oil minister denying the need for an emergency meeting. But the organisation cannot really act until it is clear what will emerge from the Iraqi talks.

Opec members are still producing more than their ceiling and they will come under a lot of internal political pressure to counteract the slide in oil prices. However, to hold an inconclusive meeting before there is any resolution of the Iraqi talks could be worse than holding no meeting at all.

Agip to develop Nigerian concessions

By Paul Adams in Lagos

AGIP OIL Company of Nigeria has signed a production-sharing contract to develop two deep water concessions south of Benin.

Under terms revised by the Nigerian government early this year, Agip is the latest of several major oil companies to sign a production-sharing contract for deep water concessions off the Niger delta. The company will fund all the development in return for lower tax and royalties to the government once it is producing oil.

Those terms replace the joint ventures with Nigeria's state oil company, NNPC, in which the multinationals were only allowed 40 per cent. Agip paid a signing fee of $35m and is committed to spend at least $100m developing blocks 211 and 316 south of Benin city. It expects to start work in the last quarter of 1993.

The company has three other interests in Nigeria. It is the operator of – and 20 per cent shareholder in – a joint venture with NNPC and Philips of the US, and has a 5 per cent stake in a venture with NNPC, Shell and Elf that produces about half of Nigeria's oil.

In addition, Agip Energy and Natural Resources has a service contract with NNPC at Nigeria's deepest offshore production field, Agbara.

Community lifts ban on Polish meat deliveries

By Christopher Bobinski in Warsaw

POLISH MEAT deliveries to the European Community, halted three months ago because of a foot-and-mouth disease scare, are to resume.

The EC imposed bans on imports of livestock, meat, milk and dairy products from 18 central and eastern European countries in early April after cases of the disease were discovered in northern Italy. Most of the bans were lifted later that month following the agreement of tighter quarantine rules and stricter enforcement of export certification procedures, but the controls on imports from Poland remained.

The latest Brussels decision follows a compromise with the Poles on quarantine for animals before shipment.

Mr Jan Krzysztof Bielecki, Poland's minister in charge of European integration said yesterday: "It's obvious that the disease was used as a pretext to try and eliminate the export of Polish calves and lambs to the EC." The ban had meant the loss of $30m worth of meat exports, he added.

"This wasn't a catastrophe but it was important as it was the first time in our relations with the EC that we have had to deal with subterfuge by the bureaucrats in Brussels."

Polish meat exporters' costs will increase by about 10 per cent as a result of the new quarantine rules. The Poles estimate that the break in sales means that the country will only be able to use up two-thirds of this year's meat quota, which includes 190,000 head of cattle, 150,000 calves and 750,000 sheep.

No cases of foot-and-mouth disease have been identified in Poland for 21 years.

Sale date set for Cerro Verde mine

STATE-OWNED Minero Peru has set September 10 as the date for the sale of its Cerro Verde copper mine, a "world-class deposit" that has attracted keen interest among top international companies, according to Mr Raul Otero, the company's president, Reuter reports from Lima.

Distribution of the privatisation rules to the 19 mining companies prequalified to bid for Peru's fourth most important copper mine was to begin this week, he said.

The minimum price and minimum investment requirement for Cerro Verde, 1,000km south of Lima in the southern region of Arequipa, would be announced a month before the sale, Mr Otero added.

"We have yet to fix the minimum price and we still have to determine how we'll fix the minimum investment because we need to look at the alternatives and what is acceptable for us," he said.

Poor market outlook pushes cocoa prices up £16

By Richard Mooney

LONDON'S COCOA futures market maintained its buoyant mood yesterday with nearby positions reaching 19-month highs. The September contract, which rose by £11 on Wednesday, touched £789 a tonne before closing at £775 a tonne, up £16 on the day.

Mr Lawrence Eagles, analyst at London broker GNI, attributed the recent change of sentiment to a growing realisation that the structural imbalance that had developed in the world cocoa market would continue to worsen until prices moved out of the depressed range in which they had been confined for much of this year.

While consumption had gone on rising by 2-3 per cent a year, overall world production had stagnated, he explained. That had resulted in the supply/demand deficits of the past two years and the "near certainty" of another in 1993-94.

Early indications were that this year's Ivory Coast and Ghana crops would be "average at best", he said, while the Ivory Coast, the biggest producer, had, to the surprise of many international cocoa dealers, stood by its decision to ban exports of mid-crop beans.

Producing and consuming nations close to new pact

By Frances Williams in Geneva

COCOA producing and consuming countries said yesterday they expected to conclude a new international cocoa pact today, at the end of a fifth and final round of talks. The pact's centrepiece will be a system of production management to bring supply and demand for cocoa into better long-term balance.

With a contentious withholding scheme now abandoned, the accord will have no provisions for direct market intervention to stabilise prices. The two-week negotiations in Geneva, sponsored by the United Nations Conference on Trade and Development, have focused instead on the functioning of a production management committee to be set up under the new deal. The fine print was still being haggled over yesterday evening.

Among other things, consuming countries have been arguing for a defined role on the committee, which will co-ordinate producers' supply plans in the light of expected market conditions. A separate committee will promote cocoa consumption.

Cocoa prices are at historically low levels because of structural oversupply. Although production has been reined back in the past couple of years, stocks of an estimated 1.4m tonnes continue to overhang the market. Producer countries will have to agree among themselves how production cuts should be shared.

Four earlier rounds of talks on a replacement for the 1986 International Cocoa Agreement, which expires at the end of September, eventually floundered when countries failed to agree on financing and the target price range for a scheme to withhold cocoa from the market to bolster prices.

In June the International Cocoa Council, which administers the present pact, recommended dropping the withholding scheme and liquidating the existing buffer stock of just under 231,000 tonnes. The gradual run-down of the buffer stock, due to be discussed by the ICCO in September, will enable producer countries now in arrears to pay off their debts.

Some 45 nations comprising all the world's major cocoa producers and consumers are taking part in the talks. Forty of the countries are members of the present agreement, but Malaysia, the fourth biggest producer, and Indonesia, also an important supplier, are not members of the accord. On the consumer side the main absentee is the US, which accounts for a quarter of world cocoa imports.

Antofagasta takes the slow train to success

Kenneth Gooding on how a railway became one of Chile's leading producers of copper

MR Andronico Luksic was so angry about the standard of service provided by his local railway that he decided to buy the company and put things right. That is how one of Chile's leading copper producers came to be quoted on the London Stock Exchange.

For the company was the Antofagasta (Chile) and Bolivia Railway, established in 1888 with British capital to haul freight and people from Antofagasta on the coast of Chile up through the mountains to La Paz in Bolivia and back.

Mr Luksic's first contact with the railway came when he wanted it to transport some very large tonnages of copper concentrate. He was referred to a book of tariffs containing more than 2,000 entries, one for almost every conceivable type of copper ore or concentrate. The railway's bureaucrats insisted on charging "by the book" – there was no such thing as a quantity discount.

"That made me look more closely at the railway and I decided it must be the most badly managed business in the world," Mr Luksic recalls. During long, boring drives to copper operations in Chile's Atacama desert, the road often ran parallel to the railway, and this set Mr Luksic thinking about what changes he would make if he was managing the railway company. Eventually he decided it would make great sense to buy it and to put his ideas into action.

He was rebuffed two or three times by the main UK shareholders but in 1980 he bought control from the Rothschild merchant bank and some of its partners. Within six months he had put most of his ideas into action and moved the railway from losses into profits. Today his family still owns about 67 per cent of what is now called Antofagasta Holdings, or "Fags".

The railway still has 30 locomotives and 2,000 wagons to move freight in Chile and to Bolivia. Once a week some passenger coaches are attached to the train to La Paz. Fags has spread its interests into forestry, telecommunications and banking but Mr Luksic, now the chairman, says his first love remains mining – he bought his first copper mine in 1953 when he was 24 years old.

"We are in many different business and it will stay that way. But mining will grow faster than the rest because that is where we are making the big investments."

Fags has spent about $200m in the past two years on its copper operations and could easily justify spending another $1bn. But it will not spend that much because Mr Luksic prefers not to borrow. Fags claims to be the lowest-geared public limited company in the UK and has only a £3m overdraft that will be paid off by the end of 1993.

Mr Luksic's aversion to debt will have a fundamental impact on the way Fags' copper business will develop. For example, the group is joint owner and operator of the Los Pelambres copper mine, 300kms north of Santiago, which started production last year and stands on what Mr Luksic suggests could be the world's third-largest copper deposit. Fags' partners are Midland Bank of the UK and Lucky-Goldstar, the Korean group. Already there are plans to double or triple annual production at Los Pelambres. Mr Luksic would prefer to take the slow route, spending $50m to take output to about 40,000 tonnes and then employing the mine's cash flow to step up to 60,000 in 10 years time.

He believes that Midland would prefer to speed expansion by spending between $500m and $800m to go to an annual 60,000 tonnes in only three years. "But then we would be working for the banks for the next 10 years," says Mr Luksic who is more than likely to get his way on this issue.

Los Pelambres is on a deposit estimated to contain 3bn tonnes of ore containing 0.7 per cent copper. Fags is earning its way from its present 20 per cent stake to one of 65 per cent. "The way costs are coming down, this won't take long," says Mr Luksic. Anaconda, the US group, spent $55m to drill Los Pelambres and to build roads and a camp. Fags paid $13m for its stake.

Mr Luksic can think seriously about expanding Los Pelambres now the finishing touches are being put to a scheme to merge two neighbouring mines, Michilla and Lince, which share the same copper deposit. Michilla produced 25,200 tonnes of copper last year while Lince, where $60m was spent, came into production last January. Fags is to close an old plant 30kms from the mines, which produces an unusual intermediate material, copper precipitate, from Michilla's ore. Instead, copper cathodes will be produced by the inexpensive solvent extraction-electro winning process at Lince. "Not only will this cut our costs, it will also give us a more saleable product," Mr Luksic points out.

Fags bought out its partner in Lince, Outokumpu of Finland, last year for $36m cash to smooth the way for the changes.

Mr Luksic admits he is under pressure from colleagues to develop quickly a copper mine at the Sorpressa deposit in the El Tesoro area, 150 kms from Antofagasta. The deposit lies on the same geographical fault line as Chile's two biggest copper mines, Chuquicamata and Escondida.

Fags has already found 100m tonnes of very high grade – 2 per cent – copper, enough for a big mine, and is spending only $1m a year drilling to find more. Every mining company operating in Chile has staked some land in the area because Sorpressa's copper is "exotic", washed there from what must be a huge, high-grade, deposit elsewhere, probably close by.

Mr Luksic says one drawback at Sorpressa is that the exotic copper is very difficult to release from the ore. Also: "Before we get to Sorpressa we must do the Lince and Los Pelambres expansions. And also the Qui Punita [a gold deposit in Argentina] is looking good. So it may be four years before we get to Sorpressa."

Gencor of South Africa is one of the partners with Fags in La Coipita, which owns the gold project in Argentina.

Argentina has no mining tradition but Mr Luksic believes the country has a great deal of copper potential and Fags will go looking for the metal now that the law has been changed to permit Chilean companies to own mines in Argentina. He says: "Only 10 per cent of the Andes belongs to Chile, the rest is in Argentina. Why should all the copper be the Chile side of the line?"

Fags is also taking an interest in the sale by Codelco, Chile's state-owned group, of the El Abra deposit, which has 500m tonnes of ore containing 1 per cent copper. But 18 other international mining companies have expressed interest.

Given Mr Luksic's dislike of bank debt, any large acquisition would require a rights issue by Fags. He says: "If we had a chance to buy something cheaply we might have a rights issue." That would provide an opportunity to reduce his family's holding. "It might be beneficial to have the shares more widely held," he admits.

Meanwhile, "as we are not sellers of the shares the price does not concern us, although some of the family buy shares from time to time. Neither do I worry about the copper price – I only worry about my costs. I've been 40 years in this business and there are no copper market gurus who can tell you with certainty what the price will be".

WORLD COMMODITIES PRICES

MARKET REPORT

New York **SILVER** traders resumed their bullish stance after Wednesday's late sell-off, lifting the metal's price sharply. In London the spot quotation closed 10 cents up at $5.07½ a troy ounce. Having found support at $4.95 an ounce the market was buoyed by short-covering and bargain hunting. **GOLD** recovered Wednesday's fall, closing in London at $394 an ounce, up $1.75. But dealers said confidence had been drained by repeated failures to break decisively through the $400 barrier and questioned whether profit-taking at $395 could be repelled. Robusta **COFFEE** prices at the London Commodity Exchange surrendered more of their early-week gain on disappointed liquidation following the continued non-appearance of the predicted Brazilian frost. The September futures price, which on Tuesday touched $1,016 a tonne, closed last night at $991 a tonne, down $7 on the day. At the London Metal Exchange **ALUMINIUM** prices continued Wednesday's recovery as buyers were encouraged by expectations of solid underlying support appearing on any dips. The three months price closed at $1,213.75 a tonne, up $10.25.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Sep)		+ or -
Dubai	$14.42-4.44u	-.025
Brent Blend (dated)	$16.43-6.47	-.005
Brent Blend (Sep)	$16.65-6.67	-.015
W.T.I (1 pm est)	$17.83-7.88u	-0.03

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$195-198	-2
Gas Oil	$157-158	-2
Heavy Fuel Oil	$60-62	
Naphtha	$164-165	-3
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$394.00	+1.75
Silver (per troy oz)♣	507.5	+10
Platinum (per troy oz)	$404.2	-3.05
Palladium (per troy oz)	$139.75	+1.25
Copper (US Producer)	89.5c	
Lead (US Producer)	34.63c	
Tin (Kuala Lumpur market)	12.79m	-0.01
Tin (New York)	233.5c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	135.84p	-6.34*
Sheep (live weight)†♣	97.22p	-5.12*
Pigs (live weight)†	81.38p	-0.98*
London daily sugar (raw)	$259.2	+3.5
London daily sugar (white)	$265.0	+5
Tate and Lyle export price	£264.0	+1.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	Unq	
Wheat (US Dark Northern)	£163.5	
Rubber (Aug)♥	58.75p	
Rubber (Sep)♥	59.25p	
Rubber (KL RSS No 1 Jul)	208.5m	
Coconut oil (Philippines)§	$470.0v	+15
Palm Oil (Malaysian)§	$370.0t	+2.5
Copra (Philippines)§	282.5	
Soyabeans (US)	£208.5y	-1
Cotton "A" Index	58.20c	-0.3
Wooltops (64s Super)	348p	-4

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Aug. z-Aug. v-Sep/Oct u-Sep. t-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents. *Sheep prices are now live weight prices * Change from a week ago, provisional prices.

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low
Aug	260.00	261.30	262.00 260.00
Oct	259.00	261.30	262.00 259.00
Dec	259.70	262.00	261.50 259.70
Mar	263.30	264.50	265.00 263.30

White 1466 (1547) Paris- White (FFr per tonne): Aug 1530.75 Oct 1539.48

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	16.35	16.43	16.57 16.23
Sep	16.55	16.51	16.71 16.35
Oct	16.73	16.65	16.91 16.58
Nov	16.93	16.93	17.12 16.80
Dec	17.23	17.26	17.29 17.00
Jan	17.40	17.46	17.40 17.25
Feb	17.55	17.59	17.55 17.25
Mar	17.68	17.65	17.68 17.50
IPE Index	16.72	17.02	

Turnover 48000 (61738)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Aug	158.75	159.00	158.50 156.00
Sep	158.50	160.50	160.00 157.25
Oct	161.00	163.00	162.50 160.00
Nov	163.50	165.25	164.75 162.75
Dec	166.00	167.75	166.75 164.75
Jan	167.50	169.00	167.75 166.50
Feb	167.25	169.50	167.25 166.75
Mar	166.50		166.50 165.00

Turnover 14682 (10612) lots of 100 tonnes

FRUIT & VEGETABLES

English cherries priced at £1.30-1.80 a lb are this week's best buy reports the FFVIB. Other good fruit buys include bananas at 40-55p a lb, peaches and nectarines at 18-25p each and Galia melons at 60-75p each. English courgettes at 45-60p a lb, potatoes at 10-15p a lb, carrots at 15-20p a lb and cauliflower at 60-80p each are all great vegetable buys. Tomatoes are superb this week priced at only 40-50p a lb. Round lettuce at 20-30p each, Iceberg at 40-55p each, cucumber at 50-70p each, and peppers at 75-£1.00 a lb.

COCOA – LCE £/tonne

	Close	Previous	High/Low
Jul	768	748	775 754
Sep	775	759	789 766
Dec	784	767	785 773
Mar	796	781	808 786
May	805	791	814 797
Jul	812	799	820 808
Sep	826	811	825 816
Dec	836	823	840 827
Mar	853	837	858 840
May	862	845	849 848

Turnover: 14956 (8920) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 14 781.94 (760.37) 10 day average for Jul 15 759.59 (752.31)

COFFEE – LCE $/tonne

	Close	Previous	High/Low
Jul	985	981	975 965
Sep	991	998	1001 980
Nov	993	1002	1003 985
Jan	992	1004	1002 988
Mar	990	1003	1000 989

Turnover: 3035 (5686) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 14 Comp. daily 60.97 (61.65) 15 day average 57.45 (57.07)

POTATOES – LCE £/tonne

	Close	Previous	High/Low
Apr	92.5	94.1	94.0 92.5

Turnover 34 (132) lots of 20 tonnes.

SOYAMEAL – LCE £/tonne

	Close	Previous	High/Low
Oct	169.50	170.80	

Turnover 0 (40) lots of 20 tonnes.

FREIGHT – LCE $10/index point

	Close	Previous	High/Low
Jul	1320	1322	1325 1315
Aug	1295	1314	1320 1295
Sep	1312	1306	1325 1310
Oct	1370	1370	1390 1370
Nov	1370	1375	1380 1370
Jan	1410	1405	1411 1408
BFI	1363	1371	

Turnover 213 (213)

GRAINS – LCE £/tonne

Wheat	Close	Previous	High/Low
Nov	107.60	107.55	107.50 107.25
Jan	110.00	110.00	110.00 109.75
Mar	112.15	112.05	112.00 111.80
May	114.30	114.15	114.05 113.95
Barley	**Close**	**Previous**	**High/Low**
Sep	103.00	103.20	103.00 102.85
Nov	105.25	105.70	105.35 105.00
Jan	107.75		107.75 107.50

Turnover: Wheat 163 (191), Barley 111 (10).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	109.5	109.8	109.5

Turnover 5 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 32,924 lots
Cash	1190-91	1179.5-80.5	1200/1199.5	1199-99.5		
3 months	1213.5-14	1203-04	1222/1208	1222-22.5	1216-17	N/A
Copper, Grade A ($ per tonne)						Total daily turnover 68,296 lots
Cash	1926-27	1917-19	1921	1921-22		
3 months	1927-28	1921-22	1931/1922	1929-30	1928-29	N/A
Lead ($ per tonne)						Total daily turnover 2,981 lots
Cash	391-92	388-89		392.5-93.5		
3 months	404.5-05	402-03	407/403	406-07	402-03	N/A
Nickel ($ per tonne)						Total daily turnover 4,616 lots
Cash	5100-10	5090-100		5105-10		
3 months	5155-60	5145-55	5170/5145	5162-63	5140-50	N/A
Tin ($ per tonne)						Total daily turnover 823 lots
Cash	5010-20	5030-35		5005-07		
3 months	5065-70	5080-85	5070/5055	5055-58	5055-60	N/A
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,042 lots
Cash	929.5-30.5	943.5-44.5		929-29.5		
3 months	946-46.5	959.5-60	956/943	945.5-46	946-46	N/A

LME Closing £/$ rate:
SPOT: 1.4885 3 months: 1.4788 6 months: 1.4708 9 months: 1.4640

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	393.75-394.25	
Opening	391.25-391.75	
Morning fix	391.80	261.636
Afternoon fix	392.70	262.711
Day's high	394.75-395.25	
Day's low	390.50-391.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.63	6 months	2.54
2 months	2.54	12 months	2.57
3 months	2.64		

Silver fix	p/troy oz	US cts equiv
Spot	328.55	492.50
3 months	333.40	498.30
6 months	337.65	500.05
12 months	345.70	509.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	392.50-395.20	261.00-263.00
Maple leaf	405.00-407.55	-
New Sovereign	92.00-95.00	60.00-63.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1175	34	62	10	22
1200	19	47	20	32
1225	10	35	36	45
Copper (Grade A)	**Calls**		**Puts**	
1900	63	98	30	71
1950	37	74	54	96
2000	20	54	87	127
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
850	144	155	3	12
900	100	116	9	23
950	64	84	23	41
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
725	58	80	8	21
750	40	63	15	29
775	26	49	26	40
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1700	1	33	15	69
1750		10		
1800	11	6		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	393.4	390.9	0	0
Aug	393.9	391.4	395.8	391.5
Sep	394.9	392.4	394.8	394.8
Oct	396.0	393.5	397.6	393.9
Dec	398.2	395.6	399.9	395.4
Feb	400.0	397.4	401.7	397.3
Apr	401.8	399.2	402.0	400.4
Jun	403.6	401.0	404.6	402.6
Aug	405.4	402.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	408.5	403.9	0	0
Oct	409.5	405.4	413.5	405.5
Jan	410.0	405.9	413.5	408.0
Apr	410.6	406.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	504.5	493.8	507.0	504.5
Aug	505.5	494.7	0	0
Sep	506.8	496.0	511.0	496.0
Dec	512.1	501.3	516.0	500.5
Jan	512.7	501.9	0	0
Mar	517.1	506.3	520.5	506.5
May	521.0	510.2	524.0	523.5
Jul	524.5	513.7	529.0	526.0
Sep	528.3	517.5	528.0	528.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	83.60	85.20	85.55	83.60
Aug	83.90	85.40	85.85	83.90
Sep	84.20	85.65	86.37	83.80
Oct	84.30	85.70	0	0
Nov	84.45	85.80	0	0
Dec	84.60	85.85	86.30	84.40
Jan	84.65	85.90	86.50	86.00
Feb	84.70	86.00	0	0
Mar	84.80	86.10	86.60	84.70

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	17.57	17.49	17.69	17.26
Sep	17.78	17.69	17.92	17.50
Oct	17.98	17.92	18.13	17.70
Nov	18.21	18.13	18.35	17.95
Dec	18.41	18.33	18.52	18.20
Jan	18.60	18.53	18.71	18.40
Feb	18.72	18.68	18.78	18.60
Mar	18.78	18.79	18.95	18.74
Apr	18.90	18.88	18.90	18.89
May	19.00	18.97	19.02	18.92

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	49.65	49.26	50.10	48.85
Sep	50.65	50.33	51.10	49.90
Oct	51.85	51.48	52.20	51.20
Nov	52.90	52.63	53.35	52.40
Dec	54.10	53.78	54.55	53.45
Jan	55.00	54.63	55.35	54.40
Feb	55.65	54.93	55.75	54.80
Mar	54.80	54.18	54.80	54.18
Apr	53.85	53.33	54.15	53.60
May	53.30	52.53	53.50	53.20

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1000	990	1070	990
Sep	985	1015	1039	985
Dec	1020	1041	1065	1018
Mar	1034	1065	1085	1030
May	1080	1086	1088	1080
Jul	1097	1104	1105	1097
Sep	1120	1124	1120	1114
Dec	1137	1150	1148	1137
Mar	1152	1171	1173	1150
May	1180	1189	1180	1180

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	71.75	71.25	72.00	71.00
Sep	72.40	71.25	73.30	69.60
Dec	74.70	73.50	75.56	72.40
Mar	76.95	75.70	77.50	74.80
May	78.30	77.10	78.50	76.55
Jul	79.70	78.50	0	0
Sep	81.10	79.95	0	0
Dec	84.60	83.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.59	9.86	9.89	9.58
Mar	9.91	10.10	10.10	9.88
May	9.95	10.14	10.12	9.92
Jul	9.94	10.08	10.08	9.92
Oct	9.93	10.00	10.03	9.92

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	58.52	59.07	59.65	58.50
Dec	59.60	60.34	60.60	59.55
Mar	60.60	61.15	61.60	60.50
May	61.27	61.89	62.30	61.25
Jul	61.90	62.70	62.81	62.40
Oct	61.10	61.75	0	0
Dec	61.10	61.75	61.80	61.79

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	120.00	123.10	122.00	120.00
Sep	122.40	125.60	124.40	122.30
Nov	124.80	127.70	126.80	124.70
Jan	125.30	129.10	127.30	125.00
Mar	126.65	130.45	128.00	127.00
May	128.50	131.50	0	0
Jul	128.50	131.50	0	0
Sep	126.50	129.50	0	0
Nov	126.50	129.50	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jul.15	Jul.14	mnth ago	yr ago
1701.7	1706.3	1654.6	1658.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Jul.14	Jul.13	mnth ago	yr ago
Spot	123.08	123.29	120.57	117.81
Futures	125.69	126.28	121.11	119.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	707/0	705/2	729/0	706/0
Aug	708/0	707/2	731/0	706/0
Sep	710/0	709/2	732/0	708/0
Nov	712/0	711/0	734/0	709/0
Jan	715/0	712/6	735/4	714/0
Mar	714/4	715/6	736/4	714/0
May	717/4	715/4	733/4	717/0
Jul	714/0	715/0	736/0	712/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.30	24.45	25.10	24.30
Aug	24.30	24.53	25.15	24.30
Sep	24.45	24.63	25.30	24.40
Oct	24.63	24.83	25.40	24.60
Dec	24.73	25.02	25.70	24.70
Jan	24.78	25.08	25.80	24.75
Mar	24.83	25.10	25.75	24.80
May	24.80	25.15	25.65	24.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	232.5	227.3	237.5	231.5
Aug	227.0	223.9	232.9	226.5
Sep	225.2	222.6	231.5	224.5
Oct	224.2	222.2	231.0	223.0
Dec	224.5	222.7	231.5	223.5
Jan	222.7	221.7	229.5	222.5
Mar	221.0	220.0	226.0	220.0
May	220.0	217.7	224.0	219.8

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	228/4	230/2	235/4	226/0
Sep	235/2	237/2	242/4	235/0
Dec	245/0	247/4	252/4	244/0
Mar	251/0	254/4	259/0	251/0
May	255/2	259/0	262/4	255/0
Jul	256/0	259/2	263/4	255/0
Sep	247/0	250/0	253/4	247/0
Dec	242/4	245/2	247/6	242/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	288/0	288/2	298/0	288/0
Sep	293/4	293/6	302/4	292/0
Dec	305/6	305/2	312/0	305/4
Mar	311/6	311/4	318/4	311/6
May	310/0	310/4	315/0	310/0
Jul	306/0	304/4	311/0	303/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.300	73.200	73.350	72.250
Oct	73.150	74.175	74.300	73.000
Dec	74.650	75.500	75.700	74.550
Feb	75.100	75.625	75.850	74.950
Apr	76.100	76.525	76.800	76.000
Jun	73.025	73.275	73.475	73.000
Aug	72.025	72.275	72.350	72.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	47.125	47.425	47.375	46.925
Aug	46.550	45.975	46.675	46.275
Oct	43.300	43.550	43.475	43.000
Dec	44.625	44.350	44.700	43.950
Feb	44.600	44.325	44.750	44.300
Apr	43.800	43.400	43.800	43.300
Jun	49.200	48.700	49.200	48.750
Jul	48.500	48.400	48.500	48.450

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	41.050	39.300	41.200	39.000
Aug	38.800	37.200	39.000	37.150
Feb	46.425	45.925	46.750	45.650
Mar	46.025	45.425	46.350	45.500
May	47.100	46.700	47.100	0
Jul	46.600	46.200	46.600	0

هكذا من الأصل

LONDON STOCK EXCHANGE

Stubborn FT-SE confounds investors

By Steve Thompson

THE UK equity market's dogged refusal to respond to the recent series of positive data on the domestic economy continued to confound and confuse the investment community yesterday.

Some dealers again took the view that the big international institutions have been quietly shifting funds from the UK market to other European centres, notably Frankfurt. There were more stories circulating yesterday that one of the large European banks had taken out more big put options on the FT-SE 100. Market operators spoke of a £250m Footsie put option being taken out on Wednesday. Others said the market would remain becalmed until the international and retail tender part of BT3 closed later today. Another view was that there was no real value in UK stocks.

At the close of another difficult trading session in London, the FT-SE 100 was 0.6 down on balance at 2,831.7, its fourth decline in the past five trading sessions.

Without the support of a handful of strong performances, notably from Great Universal Stores, Lloyds Bank and BAT Industries, the FT-SE 100 would have been around four points lower yesterday.

There was some measure of consolation for investors, however, in the performance of the market second-line issues, with the FT-SE Mid 250 index managing to stay in positive territory throughout the day and closing a net three points higher at 3,225.5.

The session began on a bright note, with the market opening two points firmer, with the initial rise entirely due to the upsurge in GUS shares as the retailing group comfirmed recent market rumours that it was to enfranchise its "A" non-voting shares and reduce the post-enfranchised shares via a scrip issue. The moves accompanied an increase in preliminary profits and a bullish view of current trading.

GUS's move prompted keen interest in other stocks with similar voting structures, such as W.H. Smith, Securicor, Whitbread and Hammerson.

After the initial burst of enthusiasm caused by GUS, the market calmed down and thereafter moved in a narrow range, in spite of a series of positive economic and corporate news items.

The retailing sector, already in good form, picked up further as Marks and Spencer's chairman told the group's annual meeting that the company had made a good start to the year. Much of the proceeds of Wednesday's big placing in Abbey National was reinvested in Lloyds Bank and Prudential, while Morgan Stanley's buy recommendation triggered some big US-sourced buying of BAT.

News of yet another reduction in unemployment in the UK, the fifth successive decline, and a sharp fall in UK unit wage costs, saw the Footsie edge higher.

Thereafter, the market did little more than drift back in idle trading, with sentiment given a slight knock when Wall Street came in lower and continued to lose ground.

Traders took encouragement from the level of turnover in the market. Some 611m shares changed hands yesterday, well up from recent levels.

Stock Exchange figures revealed that the value of customer business in the market on Wednesday was a healthy £1.39bn.

Activity was boosted by a series of sizeable placings.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	18,000	60½	-1
Abbey National†	4,200	404	-5
Albert Fisher	1,300	63	
Allied-Lyons†	2,400	543	+3
Anglian Water†	907	494	+3
Argos	88	305	+1
Argyll Group†	2,000	303	-4
Arjo Wiggins†	4,800	165	-2
Assoc. Brit. Foods†	230	486	-1
Ass. Brit. Ports	228	409	
BAA†	1,200	728	+1
BAT Inds.†	14,000	427	+9
BET	4,800	117	
BICC	2,700	411	+10
BOC†	898	641	-5
BP†	5,500	292½	-8
BPB Inds.	185	216	-1
BT†	8,300	409½	-1
BTR†	2,800	394	+1
Bank of Scotland†	1,100	156½	-1½
Barclays†	2,200	487	+2
Bass†	4,100	485	+1
Blue Circle†	1,400	244	
Booker	583	397	-1
Boots†	5,800	422	+5
Bowater†	1,000	447	-3
Brit. Aerospace†	780	422	+2
British Airways†	3,000	306	+2
British Gas†	5,700	290	-1½
British Land	421	349	+2
British Steel†	7,700	101½	+1½
Bunzl	327	128	
Burmah Castrol†	387	713	
Burton	3,400	62½	+1½
Cable & Wire.†	1,400	768	-4
Cadbury Schweppes†	1,100	442	+3
Calor Group	142	238	
Carlton Comms.†	425	748	-8
Coats Viyella†	4,600	234	+6
Comm. Union†	1,400	616	-3
Cookson	1,000	211	+1
Courtaulds†	1,000	522	-3
Dalgety	404	448	-8
De La Rue†	184	839	-2
Dixons	2,700	194	+2
Eastern Elec.	1,100	487	-3
East Midland Elec.	417	466	
Eng China Clays	370	415	+1
Enterprise Oil†	701	445	-4
Eurotunnel Units	15	405	-1
FKI	878	143	+4
Fisons	2,800	169½	-8½
Foreign & Col. I.T.	185	231	
Forte†	1,800	220	
Gen. Accident†	1,200	617	-7
General Elec.†	4,700	319½	-½
Glaxo†	5,600	653	
Glynwed Int.	61	298	
Granada†	744	408	-1
Grand Met.†	3,200	405	-4
GUS A†	3,300	1875	+110
GRE†	2,600	199	-3
GKN	472	450	+1
Guinness†	2,600	456	+1
HSBC (75p shs)†	985	658	
Hammerson 'A'	277	322	+15
Hanson†	3,400	235½	-½
Hanson Warrants	850	25	
Harrisons Crosfield	892	184	+2
Hillsdown	1,700	142	
IMI	218	273	
ICI†	3,400	645	+3
Inchcape†	2,500	535	-5
Johnson Matthey	720	458	
Kingfisher†	4,100	583	+9
Kwik Save	133	681	-3
Ladbroke†	2,100	184	-4
Land Securities†	1,300	601	+3
Laporte	659	595	-11
Legal & General†	701	498	-5
Lloyds Abbey	842	439	
Lloyds Bank†	4,300	588	+13
LASMO	7,300	140½	-5½
London Elec.	805	490	-3
Lonrho	2,300	130	-2½
Lucas	1,300	148	+½
MB Caradon†	631	279	
MEPC	1,400	444	+4
MFI	1,300	128	+2
Manweb	403	637	+2
Marks & Spencer†	9,500	337	+5
Midlands Elec.	2,300	508	-5
Morrison (Wm.)	470	133	-1
NFC†	157	242½	-1½
NatWest Bank†	3,200	502	+5
National Power†	1,300	348½	+½
Next	2,900	174½	+7½
[illegible]			
Rothmans†	117	886	-1
Ryl Bk Scotland†	3,400	288	+8
Royal Insurance†	1,800	319	-2
Saatchi	202	162	
Sainsbury†	1,800	427	-4
Scottish & New.†	502	436	-6
Scot. Hydro-Elec.†	650	338	
Scottish Power†	2,700	314	
Sears†	5,300	95	
Sedgwick	7	194	
Seeboard	551	628	+2
Severn Trent Water†	815	480	+1
Shell Transport†	4,000	612	-4½
Siebe†	710	479	-1
Slough Ests	1,600	231	+6
Smith (W.H.) A	1,400	447	+9
Smith & Nephew†	1,900	143½	
SmKl Beecham†	1,500	421	-3
SmKl Beecham Uts†	891	372	-4
Smiths Inds.	311	382	-2
Southern Elec.	1,900	483	+2
South Wales Elec.	206	552	
South West Water	882	520	
South West. Elec.	703	500	-1
[illegible]			
Vodafone†	1,900	442	+2
Warburg (SG)†	232	737	-3
Wellcome†	687	650	-4
Welsh Water	839	562	+9
Wessex Water	126	582	+2
Whitbread 'A'†	2,200	481	+2
Williams Hldgs.†	1,500	322	+2
Willis Corroon	691	217	-1
Wimpey	4,700	162½	+½
Wolseley†	140	609	-2
Yorkshire Elec.	632	522	-7
Yorkshire Water	65	497	-2
Zeneca†	3,100	626	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent.

Account Dealing Dates

*First Dealings:		
Jul 5	Jul 19	Aug 2
Option Declarations:		
Jul 15	Jul 29	Aug 12
Last Dealings:		
Jul 16	Jul 30	Aug 13
Account Day:		
Jul 26	Aug 9	Aug 23

*New time dealings may take place from 8.30am two business days earlier.

Vote move boost for GUS

THE announcement by Great Universal Stores to enfranchise its non-voting stock sent the "A" and the ordinary shares shooting forward, exciting other stocks with dual voting structures on the way. It also prompted a welter of speculation over the future of one of the most secretive retailing empires, with analysts divided as to whether the move could make GUS ripe for break-up – or whether it might prompt it to become more acquisitive.

Spice was added to the rumours by the appointment of Lord Wolfson of Sunningdale, the chairman of Next, to the GUS board yesterday, with some speculation that the two groups could be planning closer ties.

The share-change announcement was made with the group's results, which came in line with market forecasts but with a higher than expected dividend.

The shares jumped on news of the enfranchisement. The ordinary finished 100 ahead at 3438p, after touching 3600p, while the "A" added 110 at 1875p, after 1920p. Turnover was 3.3m, the heaviest ever recorded for the stock.

Other dual voting stocks were put in the spotlight. However, analysts were mostly sceptical that other companies would follow suit in the near term, although they conceded that the investor enthusiasm that had greeted the GUS move could have a longer term effect.

In the case of Whitbread, drinks analysts pointed out that the cost of dilution to compensate the current voting shareholders might far outweigh any other benefits. Such consideration took the shine off the non-voting "A" shares, which ended just 2 up at 481p, while the "B" shares fell back to finish level at 998p. Other stocks were seen as more likely candidates. Hammerson ordinary climbed 16 to 353p and the "A" 15 to 322p. W.H. Smith "A" gained 9 at 447p and the "B" 2¼ at 88p.

Rank tumbles

A roller coaster ride in Rank Organisation saw the shares move through a 45-point spread, ending the day 20 lower at 747p. Turnover was a hefty 5.1m. The stock had opened with a healthy 20-point advance as investors seemed to welcome the leisure group's plans to bring the final dividend payment forward to the half-year stage and to make an enhanced scrip issue.

However, a dull analysts' meeting with the group's management set the tone for a steep slide in the shares. Disappointment that trading was showing few signs of improvement was allied with a lack of news on Rank's disposal programme. Analysts returned to largely downgrade the group, moving from the £270-80m range to £255-265m. The negative market tone was fuelled by the feeling of some large shareholders – in particular income funds – that the new dividend arrangements would mean a gap in payment of 12 months.

Properties advance

Recent buoyancy in the property sector swelled into a wave of support as investors vied to take advantage of attractive yield rates and a shortage of stock pushed up prices. As gilts have strengthened and their yields fallen back, the appeal of property has increased and prices were boosted as big investors crowded into an area with few sellers.

More upbeat signals moved the sector with Savills, the chartered surveyors, predicting there will be a shortage of office space in London in three years. And yet another successful rights issue further stressed the interest in property stocks. The wave of excitement also triggered resurgence of a number of bid rumours in the market.

One trader commented that the optimism was likely to last: "There has been a lot of good news but the sector is also very strongly underpinned." Trading began very briskly in property stocks although trailed off a little towards the end of day. British Land added 2 to 348p; Brixton Estates put on 8 to 210p. Hammerson Ord, about whom bid rumours circulated, moved up 16 to 353p while Hammerson "A" added 15 to 322p. Great Portland put on 6 to 183p and Frogmore Estates moved ahead 10 to 394 as hopes rose that its recent rights issue would be a success. Burford Holdings, which announced a 98.7 per cent take-up of its rights issue, went up 2 to 69p. Peel Holdings, which plans to buy a minority stake in Manchester Ship Canal, moved ahead 11 to 244p. Manchester Ship Canal closed 5 up at 26½p.

Shares in Norcros hardened 2 to 154p, after SG Warburg and NatWest Securities placed the rump of the recent rights issue. The two securities houses placed 38.8m shares at 151p.

Huge turnover in Cray Electronics left the shares 5 adrift at 149½p as one large shareholder sold a block of 7.6m shares – just under 4 per cent of the stock – to SG Warburg for 44p, the broking house selling on the stock at 46p.

A shortage of stock early in the session drove Standard Chartered sharply forward for the second day in a row, the shares gaining 16 to 843 in the first hour of trading. However profit-taking later in the day saw most of the earlier gains surrendered and the the shares closed 6 up at 833p.

Shares in Lloyds Bank jumped 13 to 588p, as reports that some of the proceeds of Wednesday's big agency cross in Abbey National had been used to buy Lloyds. Volume was 4.3m at the close. Abbey closed 5 lower at 404p. TSB ended the session 3 firmer at 198p, with Swiss Bank Corporation said to be positive following a visit to the group.

The announcement of a new chairman at Simon Engineering on Wednesday continued to cheer the market and the shares put on 6 to 50p. TT Group gave up 7 to 286p, after announcing a £51m rights issue to help fund the company's expansion. BICC were in demand ahead of next month's figures and the shares moved 10 ahead to 411p.

Among motor stocks, general Profit-taking in Lookers saw the shares give up 11 to 143p. ERF Holdings continued to be powered by a recommendation from Credit Lyonais Laing, and the shares jumped another 21 to 281p.

General Accident and Guardian Royal Exchange retreated after Goldman Sachs, the US investment bank, reiterated its negative stance. Mr Graham Warren at the bank believes the earnings recovery predicted by many will not be as fast or as sustainable. In addition, he said, "there is likely to be tougher competition from European companies in due course."

General Accident closed 7 lighter at 617p, while Guardian shed 3 to 199p. however Goldman favours Commercial Union, 3 easier at 616p, and Royal Insurance which shed 2 to 319p.

International trading group BAT continued to attract attention, following Wednesday's "buy" recommendation from Morgan Stanley. Volume rose to a hefty 14m, with most of that total said to have been a result of strong overnight US buying. The shares improved 9 to 427p, with NatWest Securities also said to have shown a keen interest in the stock.

US buying of shares in transport rental company Tiphook reversed an earlier decline. At the day's worst, the shares were down 15 at 244p, before recovering to close a penny lighter at 258p.

Positive trading news from Marks and Spencer added strength to a strong stores sector. M&S shares gained 5 to 337p. Elsewhere, Kingfisher put on 9 to 583p, with Goldman Sachs said to be positive, while Boots climbed 5 to 422p.

Coats Viyella, which is a main supplier of fabrics and soft furnishings to Marks and Spencer, moved up 6 to 334p.

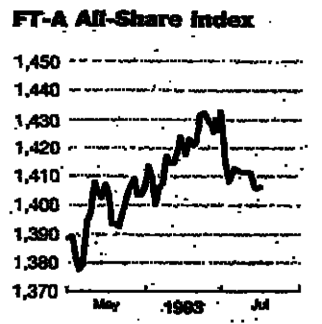
Forminster, the clothing manufacturer, jumped 25 to 538p in a thin market. Sherwood Group staged a rally after the previous day's fall and moved up 9 to 144p. NatWest Securities, its broker, switched its stance from hold to buy.

Welsh Water jumped 9 to 562p after better-than-expected figures.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

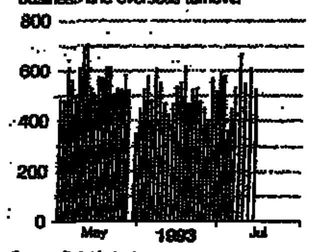
■ Other statistics, Page 19

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business and overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (153). BRITISH FUNDS (16) AMERICANS (4) Echlin, Honeywell, Lowe's, Sears Roebuck, CANADIANS (1) Toronto-Dominion Bank, BANKS (6) [illegible] ... Vent., New Frontiers Dev., Do. 8%pc Ln. 2010, RIT Cap. 2¼pc Cv. 2000, Riv. & Merc. Stppd. Pf., Scottish Wrrts., Scottish Value, Select Assets Ln., Sphere Zero Div. Pf., St. Andrews, St. Davids Zero Div. Pf., TR Tech., Do. Stppd. Pf., Do. Zero Pf., Templeton Emrg. Mkts., Do. Wrrts., Throgmorton Dual, Tor Cap., USDC, Whitbread, Yeoman Zero Pf., MEDIA (3) Intl. Bus. Comms., MMI Wrrts., Taylor Nelson, MTL & MTL FORMING (1) Thyssen, MISC (3) Birkby, Minmet, Norbain Elects., MOTORS (3) ERF, Sanderson Murray Elder, Vardy (Reg), OTHER FINCL (9) Edin. Fd. Man., First Natl. Fin., Do. 7pc Pf., Mercury Asset Mgmt., Oceana Cons., Perpetual, St. James's Place Cap., Tyndall Australia, Do. Opts., PROP (12) Bradford, Brit. Land, Do. 8¼pc Pf., Brixton Estate, Chesterfield, Evans of Leeds, Helical Bar, Land Securities, MEPC, Peel, Slough, Do. Pf., STORES (6) Essex Furniture, French Connection, Gt. Universal Stores, Do. A, Moss Bros., Stylo, TEXTS (4) Allied Textiles, British Mohair, Forminster, Hicking Pentecost, TRANSPORT (4) Bergesen A, IoM Steam, Manchester Ship Canal, Mersey Docks & Harbour, WATER (1) Sth. Staffs., MINES (3) Beatrix, Blaich, Westralian Res.

NEW LOWS (26).

BLDG MATLS (1) Quigott, BUSINESS SERVS (4) Barbour Index, RCO, Sherwood Cptr., Serv., CHEMS (3) Anglo Utd., BOC, Caird, ENG GEN (1) Barry Wehmiller, FOOD MANUF (1) Perkins Foods, FOOD RETAILING (4) Kwik Save, Low (Wm.), Sainsbury (J.), Tesco, MEDIA (1) Carlton Comms. Pf., MISC (3) Applied Holographics, Southern Bus., OIL & GAS (2) Ex. Co. Louisiana, LASMO, PACKG, PAPER & PRINTG (2) De La Rue, Hunterprint, PROP (1) Oasory Ests., STORES (4) Country Casuals, Lloyds Chemists, Do. Pf., OS.

FINANCIAL TIMES EQUITY INDICES

	July 15	July 14	July 13	July 12	July 9	Year ago	* High	* Low
Ordinary share	2221.5	2220.9	2228.5	2221.1	2229.2	1890.8	2299.5	2124.7
Ord. div. yield	4.16	4.16	4.15	4.16	4.14	4.89	4.52	4.07
Earning yld % full	4.95	4.95	4.93	4.95	4.93	7.04	5.38	4.82
P/E ratio net	25.88	25.86	25.95	25.87	25.96	17.90	28.57	19.40
P/E ratio nil	23.99	23.97	24.06	23.98	24.07	16.65	24.60	18.14
Gold Mines	221.0	225.3	221.3	225.8	222.2	92.5	239.3	60.0

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2221.1	2219.3	2221.0	2223.0	2222.6	2221.4	2220.7	2219.6	2222.2	2223.9	2218.1

Volume	July 15	July 14	July 13	July 12	July 9	Year ago
SEAQ Bargains	27,170	24,453	25,584	26,182	27,016	19,481
Equity Turnover(£m)†	-	1393.8	1596.4	796.2	1227.9	1063.2
Equity Bargains†	-	28,241	30,433	28,922	30,471	22,418
Shares traded (mil)†	-	523.0	605.1	368.7	552.8	445.9

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2831.7 -0.6	3225.5 +3.0	1406.10 +0.13

	Jul 15	Day's change %	Jul 14	Jul 13	Jul 12	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	2831.7	—	2832.3	2837.1	2830.9	2483.4	4.04	5.95	20.92	51.80	1017.88
FT-SE Mid 250	3225.5	+0.1	3222.5	3230.0	3228.6	2455.6	3.74	6.08	20.36	52.18	1150.88
FT-SE Mid 250 ex Inv Trusts	3240.9	+0.1	3238.1	3246.4	3245.4	2471.5	3.84	6.50	19.21	52.99	1151.87
FT-SE-A 350	1419.2	—	1418.2	1421.8	1419.2	1207.5	3.97	5.98	20.79	25.28	1045.42
FT-SE SmallCap	1634.95	+0.1	1633.17	1634.48	1635.61	-	3.48	4.23	33.25	24.05	1222.59
FT-SE SmallCap ex Inv Trusts	1635.63	+0.1	1634.21	1636.01	1637.89	-	3.67	4.67	31.19	25.29	1224.13
FT-A ALL-SHARE	1406.10	—	1405.97	1408.44	1406.16	1190.55	3.94	5.87	21.28	24.78	1054.39
1 CAPITAL GOODS(214)	999.49	+0.2	997.51	996.07	994.46	776.96	3.98	4.27	31.13	20.73	1172.73
2 Building Materials(28)	1054.39	+0.1	1052.85	1049.91	1046.81	824.14	4.44	3.69	38.15	21.04	1217.91
3 Contracting, Construction(29)	926.49	+0.3	923.54	920.48	917.43	716.87	3.55	1.44	80.00†	13.43	1277.80
4 Electricals(15)	3021.26	+1.4	2980.89	2988.22	2967.40	2404.43	4.47	4.88	26.27	85.13	1218.81
5 Electronics(38)	2702.87	-0.1	2706.24	2685.44	2689.69	1898.15	3.20	6.18	19.94	59.24	1181.37
6 Engineering-Aerospace(7)	419.98	-0.4	421.50	427.21	423.35	333.69	3.52	‡	‡	6.61	1450.14
7 Engineering-General(48)	578.46	+0.3	576.88	578.36	577.98	484.67	3.75	8.35	19.55	10.82	1154.89
8 Metals & Metal Forming(10)	424.71	+0.6	422.00	413.77	407.57	301.23	2.58	‡	‡	6.06	1340.15
9 Motors(20)	422.48	+0.2	421.69	420.40	418.13	345.16	5.15	4.42	31.70	9.77	1156.59
10 Other Industrials(19)	2091.91	+0.3	2086.20	2091.30	2092.72	1684.47	4.31	5.45	21.91	50.05	1078.04
21 CONSUMER GROUP(236)	1585.50	—	1585.43	1597.19	1595.52	1581.30	3.63	7.07	17.23	25.82	917.94
22 Brewers and Distillers(30)	1845.43	-0.2	1848.57	1865.51	1847.86	2086.85	3.99	8.42	14.37	33.57	898.48
25 Food Manufacturing(22)	1255.90	—	1256.18	1274.57	1285.20	1241.05	4.05	7.84	15.36	25.26	966.43
26 Food Retailing(17)	2681.33	-1.1	2712.22	2753.78	2739.58	2803.79	3.49	9.65	12.86	47.61	839.13
27 Health & Household(30)	3284.39	-0.3	3294.71	3299.46	3296.75	3772.56	3.75	6.67	17.52	43.07	780.38
29 Hotels and Leisure(20)	1336.48	-0.5	1342.78	1341.81	1344.02	1168.66	4.45	6.29	19.90	25.72	1059.38
30 Media(33)	1965.83	-0.2	1970.08	1996.87	2006.65	1522.28	2.64	5.15	23.52	24.98	1090.48
31 Packaging and Paper(24)	814.71	-0.4	818.17	819.45	825.52	761.41	3.62	6.00	20.51	13.72	1059.62
34 Stores(39)	1143.65	+1.7	1124.22	1130.65	1125.95	984.24	3.14	6.03	21.48	17.66	999.70
35 Textiles(20)	784.28	+1.2	775.28	778.40	782.91	654.28	3.90	6.06	20.64	14.90	1067.96
40 OTHER GROUPS(142)	1487.53	+0.1	1486.39	1487.83	1486.80	1255.39	4.31	7.37	16.42	23.59	1049.99
41 Business Services(28)	1601.39	-0.8	1613.83	1603.87	1601.00	1364.57	2.87	7.32	15.64	20.61	1065.56
42 Chemicals(23)	1489.98	-0.2	1492.85	1499.62	1498.99	1398.39	4.41	0.29	‡	35.15	1070.45
43 Conglomerates(11)	1446.21	—	1446.58	1447.93	1441.88	1237.21	5.25	7.53	14.99	29.85	1065.55
44 Transport(15)	2900.79	+0.3	2892.00	2884.74	2855.82	2390.85	3.98	5.18	24.48	53.82	1069.01
45 Electricity(16)	1774.51	-0.1	1777.04	1806.42	1819.57	1354.01	4.44	12.72	9.71	32.59	1151.10
46 Telephone Networks(4)	1746.72	-0.2	1750.27	1746.40	1754.12	1423.15	3.88	5.99	20.57	3.24	1036.49
47 Water(13)	3310.82	+0.2	3303.82	3306.66	3305.54	2840.97	5.35	13.15	8.37	87.73	1045.91
48 Miscellaneous(32)	2276.32	+1.3	2246.71	2233.14	2215.22	2038.10	4.50	7.52	15.85	49.56	938.13
49 INDUSTRIAL GROUP(591)	1419.32	+0.1	1418.35	1423.22	1421.74	1276.93	3.93	6.60	18.63	24.17	1006.16
51 Oil & Gas(18)	2426.00	-1.1	2453.76	2456.13	2460.66	1903.54	4.51	5.76	21.98	48.05	1104.21
59 "500" SHARE INDEX(609)	1508.83	-0.1	1509.78	1514.56	1513.45	1338.32	3.99	6.51	18.95	26.16	1018.10
61 FINANCIAL GROUP(90)	1086.06	+0.3	1082.34	1077.07	1070.42	721.71	3.92	3.44	43.32	21.66	1270.52
62 Banks(9)	1486.43	+0.5	1479.52	1473.46	1468.84	956.56	3.63	4.16	33.08	28.48	1274.29
65 Insurance (Life)(6)	2096.69	-0.2	2102.24	2089.56	2059.62	1512.50	4.25	4.58	27.49	47.49	1220.71
66 Insurance (Composite)(7)	692.08	-0.7	696.70	694.79	686.36	480.84	4.49	‡	‡	15.60	1129.99
67 Insurance Brokers(10)	895.41	-0.1	898.69	898.79	895.04	797.81	4.04	5.58	25.49	16.46	1180.30
68 Merchant Banks(6)	682.68	-0.2	683.73	680.78	674.49	450.71	3.29	6.68	18.59	12.33	1386.21
69 Property(29)	923.02	+1.7	908.00	896.34	890.30	589.65	4.40	4.37	30.50	18.47	1475.43
70 Other Financial(23)	397.78	+0.6	395.26	394.82	393.50	241.97	4.20	5.53	24.20	6.93	1343.06
71 Investment Trusts(110)	1534.59	+0.2	1532.06	1531.57	1529.89	1141.12	2.67	2.13	47.05	19.93	1164.66
99 FT-A ALL-SHARE(809)	1406.10	—	1405.97	1408.44	1406.16	1190.55	3.94	5.87	21.28	24.78	1054.39

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2834.4	2832.0	2834.4	2835.2	2835.3	2834.6	2833.8	2831.1	2833.0	2837.9	2830.1
FT-SE Mid 250	3225.2	3226.4	3228.7	3230.7	3230.4	3229.4	3229.0	3228.6	3226.5	3230.8	3225.2
FT-SE-A 350	1420.3	1419.4	1420.6	1421.1	1421.1	1420.7	1420.4	1419.3	1419.8	1422.0	1418.7

Time of FT-SE 100 high: 10:17am low: 9:18am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1789.4	1790.7	1789.7	1790.3	1790.7	1791.9	1793.3	1792.6	1793.0	1794.4	1785.7	+8.7
Health&H	990.9	990.2	992.7	993.3	992.3	993.6	992.9	990.4	989.5	987.9	991.1	-3.2
Water	1367.4	1367.2	1368.4	1368.1	1368.2	1368.2	1368.2	1368.2	1366.8	1366.9	1364.0	+2.9
Banks	1804.2	1799.8	1804.4	1808.6	1807.3	1806.0	1806.3	1805.3	1808.0	1806.7	1798.3	+8.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
 The FT-SE Actuaries Share Indices are audited by The WM Company.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Funding 6pc 1993‡‡	100	—	100¼	99¹³⁄₁₆	6.00	5.74
Treas 13¾pc 1993‡‡	102¹³⁄₁₆	—	106⅝	101½	13.37	5.60
8½pc 1994	101¹³⁄₁₆xd	—	102¹³⁄₁₆	101¹³⁄₁₆	8.37	5.81
14½pc 1994‡‡	105¹³⁄₁₆	—	109¼	105¹³⁄₁₆	13.76	5.54
Exch 13½pc 1994	106⅛	—	109⅞	106⅛	12.73	5.51
Treas. 10pc Ln. 1994‡‡	103⅝	—	105⅝	103⅝	9.63	5.58
Exch 12½pc 1994	107⅞	—	110⅛	107⅞	11.64	[illegible]
Treas 9pc 1994‡‡	104⅛	—	105¹³⁄₁₆	103⅞	8.64	[illegible]
12pc 1995	108⅞	—	111⅝	108¾	11.02	[illegible]
Exch 3pc Gas 90-95	96¼	—	96¾	94	3.11	[illegible]
10¼pc 1995	108⅛	—	109⅞	107⅛	9.48	[illegible]
Treas 12¾pc 1995‡‡	114⅞	+⅛	116⅞	113⅞	11.15	[illegible]
14pc 1996	118⅛	+⅛	120⅞	117⅛	11.89	[illegible]
15¼pc 1996‡‡	122⅛	+⅛	125⅞	121⅛	12.43	[illegible]
Exch 13¼pc 1996‡‡	117⅞	+⅛	120¼	116⅝	11.24	[illegible]
Conversion 10pc 1996	110½	+⅛	111½	108⅞	9.05	[illegible]
Treas 13¼pc 1997‡‡	120⅛	+⅛	122⅛	118⅞	10.99	[illegible]
Exch 10½pc 1997	112⅞xd	+⅛	113⅞	110⅞	9.34	[illegible]
Treas 8¾pc 1997‡‡	107⅞	+⅛	108⅛	105½	8.13	[illegible]
Exch 15pc 1997	129⅝	+⅛	132⅛	127⅛	11.57	[illegible]
9¾pc 1998	111⅛	+⅛	112⅞	109⅛	8.76	[illegible]
Treas 7¼pc 1998‡‡	102⅞	+⅛	103¼	99⅛	7.08	[illegible]
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
8pc 2003 A‡‡	104⅛	+⅛	104⅛	102⅞	7.68	7.38
10pc 2003	116⅛	+⅛	116⅛	109⅝	8.55	7.55
Treas 11½pc 2001-4	121⅞	+⅛	122⅛	116⅞	9.44	7.65
Funding 3½pc '99-4	75⅛	+⅛	76⅛	67⅞	4.66	6.73
Conversion 9½pc 2004	113⅞	+⅛	113⅞	105⅞	8.37	7.67
9½pc 2005	113⅞	+⅛	113⅞	105⅞	8.37	7.71
[illegible]						
9¾pc 2002	114⅞	+⅛	114⅞	108⅞	8.51	7.49
8pc 2003‡‡	104¼	+⅛	104¼	97⅛	7.67	7.37
Consols 2½pc	32⅞	—	32⅞	28⅝	7.72	-
Treas. 2½pc	31	-½	31½	27⅞	8.06	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked						
Treas. 2pc '94 (102.9)	134⅛	-⅛	134⅛	131⅝	-	0.74
2pc '96‡ (67.9)	197⅞	-⅛	198	194⅞	1.73	2.62
4⅝pc '98‡‡ (135.6)	108⅞	-⅛	108⅞	105⅛	2.16	2.84
2½pc '01 (78.3)	167⅞	-⅛	167½	159	2.70	3.09
2½pc '03 (78.8)	163⅞	-⅛	164	155	2.86	3.19
[illegible]						

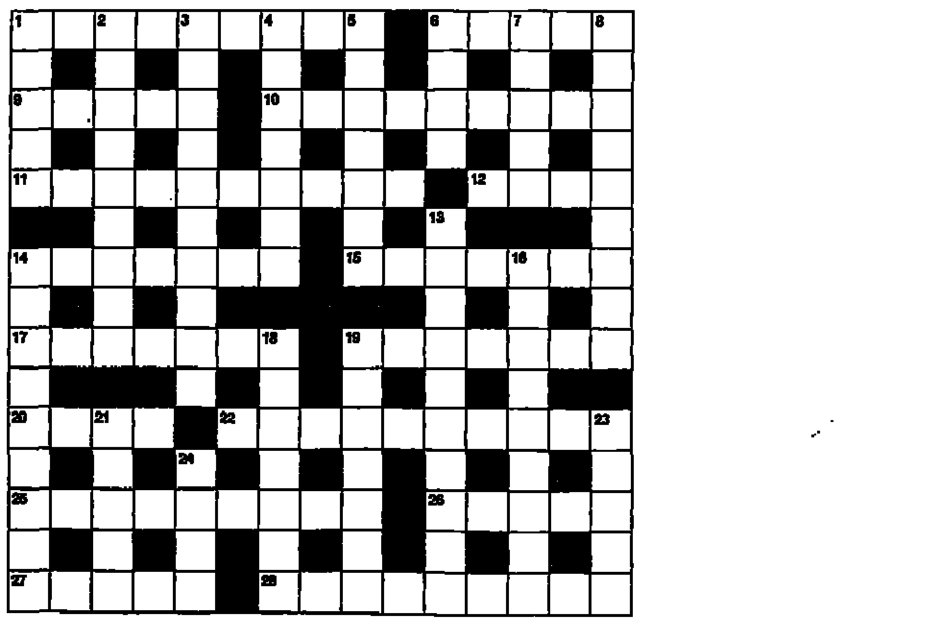
OTHER FIXED INTEREST

[illegible]

Continued on next page

CROSSWORD

No.8,203 Set by VIXEN



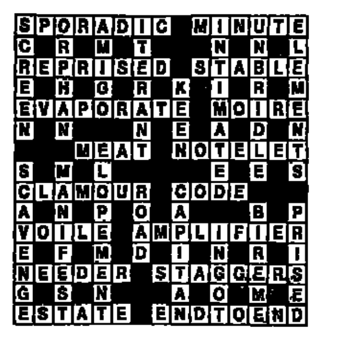
ACROSS

1 He stops at break very speedily! (9)
6 Transport dope for the money (5)
9 A painter taking a turn in the market-place (5)
10 Project encompassed by the Franco-German European (9)
11 Such cover-ups left the underworld without power (4-6)
12 Country offering a little better interest (4)
14 Bloomer made by awfully mean individual (7)
15 The boards must accept alternative reservation (7)
17 A quiet place where serving men entertain (7)
19 Hit the drink to get sympathy (7)
20 Ball given by the medical profession (4)
22 Play's beginning (5,5)
25 Harbour a heavenly being (9)
26 A number turn cold when this woman appears (5)
27 Bush senior (5)
28 They save – and have second thoughts? (9)

DOWN

1 Quiet and noble person given a decoration (5)
2 Tries most maybe when most windy (9)
3 Lead weights these grave commemorations (10)
4 Recover from getting wild about an inexperienced driver (7)
5 Superseded newsmen, say (7)
6 The swine wanting lawyers to admit nothing (4)
7 Article – one backing up leftist supporter (5)
8 Phone before ten possibly after a good man gets tight (9)
13 Business associate holding prisons make restitution (10)
14 Make-up – a paler one – for flying (9)
16 Standing by a party for quite some time? (9)
18 Pressed for discharge (7)
19 Took stock in sound fashion (7)
21 Copper backing into cover, that's plain (5)
23 Hair used in stuffing mattresses in days gone by (5)
24 Pretty loud music (4)

Solution 8,202



JOTTER PAD

EQUITY FUTURES AND OPTIONS TRADING

A DEARTH of economic indicators left dealers in stock index futures suffering from a lack of direction and hampered movement in the September FT-SE 100 contract, Christine Buckley writes.

While there had been some hopes circulating the previous day of a cut in German interest rates, they had all but faded by yesterday morning, and the announcement of no change had little effect on trading.

The flagging performance of futures was also blamed by one trader on a continued switching of investor interest from the UK to Germany and France.

Trading was restricted to a very tight range. The contract opened at 2,841, and a reasonable early morning take-up pushed it to the day's high of 2,849. It then eased gradually, touching a low for the session of 2,837 after lunchtime. But that nadir was brief and supportive buying kept the future bobbing around the 2,840 mark, at which it closed with volume of 7,287 contracts recorded.

The September contract finished on a par with its fair value premium to cash, which is taken as 7 points.

Turnover in traded options notched ahead of the previous day with a total of 28,814 lots traded, against 26,983. Volume in the FT-SE 100 option was 5,375, while the Euro FT-SE 100 option continued to see lively trading ahead of today's expiry of its July contract.

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs	17¾xd	−⅜	28⅞	15⅞	14,498	2.5
Allegheny & W. ♥	617p	−35	652p	399p	330.6	3.1
Amdahl	325p	−10	891p	302½p	365.0	1.0
Amer Cyanamid	36⅝	+⅝	38⅝	31¼	3,279	2.9
Amer Express	21⅛xd	−⅛	21⅝	14⅞	10,136	3.0
Amer T & T	41⅞xd	+⅛	42½	33¼	55,608	2.0
Ameritech	52	+⅛	54½	45	22,767	4.5
BankAmerica	29⅞xd	−¼	30⅞	27¼	10,306	3.0
Bankers NY	60⅛xd	−¾	52⅝	42⅝	4,023	3.9
Bell Atlantic	38	—	39½	32¼	16,508	4.4
BellSouth	36⅝	+⅛	38⅝	32⅞	18,218	4.8
Bethlehem Steel ♥	11⅝xd	—	13¼	10	1,099	–
Bowater	1385pxd	+25	1692p	1267p	591.9	1.8
CPC	27⅛xd	−¼	34⅝	26	4,174	2.9
California Engy	1234p	—	1479p	1066p	224.7	–
Chase Manhattan	21⅛xd	−⅛	24½	17⅝	3,287	3.8
Chrysler	31⅛xd	−⅜	32⅝	21¼	9,696	1.2
Citicorp	20⅝xd	−⅛	21⅞	13⅞	7,538	–
Colgate-Palm	37⅝xd	−¼	45⅝	35⅛	6,847	2.4
Cont'l Bank	1580p	−8	1677p	1278p	1,578	2.4
Dana	35⅛xd	+⅞	36⅞	29⅞	1,680	2.6
Data General	634p	—	951p	587p	174.9	–
Decora Inds ♥	135p	—	146p	109p	–	–
Dun & Brad	40	+⅞	42⅝	37⅝	7,129	3.9
Eaton	29	+¼	31⅞	25⅞	2,010	2.4
Echlin	19⅝xd	+⅜	19⅞	15⅞	1,142	2.2
FPL	25⅝xd	−⅛	27⅝	23¼	4,666	6.1
Ford Motor	34⅞xd	+⅞	36½	28⅞	16,748	1.8
Gen Elect	65⅝xd	—	65⅝	53⅝	56,046	2.4
General Host ♥	580p	+8	723p	513p	–	4.0

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+ or -	1993 high	low	Mkt Cap£m	Yld Gr's
Greenwich Res	19½	—	22¼	5	15.2	-
Hamlo Gold CS	£7½	—	£7¾	£3½	725.7	1.2
Iverola West	41	—	57	31	20.6	-
Kella Minis	13	—	13	6	0.31	-
Kenmare	9	—	13½	6	9.01	-
Melinga Res.	14	—	25½	13½	1.54	-
Navan Res	91	—	100	25	15.5	-
5pc Ln Notes	86½	—	94¼	25	15.6	-
Oryx Gold	76⅜	—	76⅞	47	-	-
Ovoca Res	5½	—	5½	3½	0.38	-
RTZ	671	+1	709	607	6,831	3.9
Vizcaya	5¾	—	5¼	2¾	3.08	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣ . Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT5855. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 sterling.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	155.7	157.1	165.4	-0.50	0.00
AIB Grofund Equity	5	203.3	208.3	218.3	+1.20	1.75
AIB Grofund Euro	5	166.7	168.6	177.4	—	0.00
AIB Grofund Ext Balanced	3	100.6	102.8	106.0	-0.80	1.53
AIB Grofund Gilt	3	78.80	78.92	81.88	+0.22	4.96
AIB Grofund Japan	6	170.6	178.5	187.9	+2.70	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	422.4	434.0	461.1	+1.1	2.48
General Acc	5	483.4	485.2	494.9	+1.2	2.48
UK Growth Acc	6	306.7	310.8	330.7	+0.6	2.77
UK Growth Inc	6	217.3	220.3	234.4	+0.4	2.77
Higher Inc Acc	6	569.2	577.3	614.3	+1.3	3.70
Higher Inc Inc	6	345.8	350.8	373.2	+0.8	3.70
Gilts/Fxd Int Acc	[illegible]	176.5	179.6	189.6	+0.5	8.03
Gilts/Fxd Int Inc	5½	94.09	94.09	99.28	+0.3	8.03
Nth America	6	249.5	252.7	268.8	-0.7	0.00
Far East	6	301.4	301.4	320.7	+1.4	0.28
Europe	6	224.6	224.6	241.1	-0.1	0.84
Brit Excel	6	62.66	62.66	66.66	+0.08	2.79
Brit Fedrelle Acc	6	87.67	89.04	94.82	+0.25	4.69
Brit Fedrelle Inc	6	67.94	68.93	73.33	+0.19	4.69
Global Opps	6	72.14	72.14	76.75	+0.30	0.11
Balanced Acc	6	47.28	47.28	50.28	+0.11	2.74
Balanced Inc	6	47.28	47.28	50.28	+0.11	2.74

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	131.9	131.9	138.8	+0.5	6.72
High Inc Equity	6	146.7	149.3xd	158.8	+0.4	4.96
Worldwide Bond	6	268.7	268.7	284.8	-0.1	3.68
American Growth	6	289.6	289.6	308.7	-0.3	.94
Asian Pacific	6	229.8	234.5	249.4	-1.6	.33
Assets & Earnings	6	221.4	221.4xd	236.7	—	2.21
Capital Reserve Acc	0	128.8	128.8	128.9	—	4.80
Commdty & Energy	6	91.82	91.82	98.20	-0.73	.56
1992 Enterprise	6	81.10	81.10	85.75	+0.11	1.91
Euro Capital Acc	6	110.7	110.7	118.3	+0.3	.86
Euro Capital Inc	6	104.0	104.0	111.2	+0.2	.87
General	6	202.4	206.0	219.1	—	2.48
Japan	6	125.8	125.8	134.3	+1.3	-
Mastertrust	6	118.0	119.0	127.2	+0.1	1.16
UK Growth Acc	6	187.4	195.3	207.7	-0.3	2.17
UK Growth Dist	6	115.6	120.4	128.0	-0.3	2.23
US Emerging Cos	6	116.4	116.4	126.6	—	-
Income & Growth	6	346.1	345.3xd	367.3	+0.4	3.57
Ethical	6	62.58	64.11xd	68.20	+0.01	2.32
International	6	90.76	92.24	98.12	-0.05	.54
Dividend & Growth	6	58.59	59.55xd	60.15	+0.11	4.07
Global Gwth & Sec	6	62.24	62.40	66.38	+0.04	2.37

MGM Unit Managers Ltd (1000)F
MGM House, Heene Rd, Worthing
Dealing: 0277 281010. Enq: 0903 204631

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Growth	5	65.84	65.83	70.03	+0.2	0.67
High Income	5	255.6	258.8	268.0	+1.1	4.61
(Accum Units)	5	460.9	460.6	485.3	+2.0	4.61
Intl Bond	5	69.83	66.63	70.27	+0.11	6.89
Intl Equity Growth	5	61.97	62.06	66.62	+0.15	0.66
North American Growth	5	91.33	92.21	98.08	+0.05	0.74
Special Sits Growth	5	18.89	19.23	20.45	+0.07	1.93
UK Growth	5	325.0	328.4	349.3	+0.5	2.72
(Accum Units)	5	410.7	413.7	440.1	+0.5	2.72

MW Investment Managers Ltd (0850)F
46 Court St, Haddington, E. Lothian 062-082 5867

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1177.0	1177.0	1255.6	—	3.7

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	128.6	128.0	132.6	—	4.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Singer & Friedlander UT Mgmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Life Tst Mgmt Ltd (0730)H

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

* Restricted to monies under Court control

Gowett (John) Unit Mngmt Ltd

Henderson Unit Trust Management Ltd

INVESCO Asset Management Ltd

Albany Life Assurance Co Ltd - Contd.

Century Life Plc - Contd.

Citibank Life

Eurolife Assurance Company Ltd

Family Assurance Society

INSURANCES

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Providence Capital Life Assc. Co Ltd - Contd.

Alpha Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
UK Alpha		228.0	-0.1	-
US Alpha		122.6	+0.6	-
Gilt Alpha		88.1	+0.3	-
Gold Alpha		96.9	-2.6	-
Japan Alpha		46.0	+0.3	-
US Dollar Alpha		78.4	-0.2	-
Yen Alpha		81.9	+0.5	-
DM Alpha		86.1	-	-
European Alpha		69.8	-0.3	-

Provident Life Assoc Ltd

Provident Way, Basingstoke RG21 2SZ 0256 470707

Gold Range (Pensions)

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	187.2		-	-

Provident Mutual Life Assc. Assn.

6 Hills Way Stevenage Herts SG1 2ST 0438 752020

Scottish Amicable

150 St Vincent St, Glasgow 041-248 2323

Life Funds (First Series)

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	408.5	430.0	+0.90	-
Equity	607.4	634.2	+1.10	-
Property	243.2	256.0	-0.60	-
International	408.9	428.4	+2.20	-
Japanese	117.7	123.9	+1.60	-
Asia Pacific	140.2	147.6	+0.20	-
European	108.4	115.2	+0.10	-
American	146.9	154.4	+0.10	-
Fixed Interest	349.6	368.1	-0.40	-
Index-Linked Gilt	162.7	169.7	+0.60	-
Cash	220.7	232.4	+0.10	-

Scottish Equitable Life Assce. Soc.

28 St Andrew Sq, Edinburgh 031-556 9101

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

حملة أمنة للأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 284242						
Lloyds Tst. Gilt	3½	[illegible]	10.400	10.770	[illegible]	7.43
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Circuit Portfolio	6	[illegible]	1.2366	1.3114	[illegible]	0.10
Gilt	3	[illegible]	[illegible]	1.9431	[illegible]	7.89
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70086						
Income (A & B)	5	211.9	211.9	222.4	-0.4	3.40
Growth (C & D)	5	319.1	319.1	335.1	-0.5	-
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	55.65	55.65	58.24	-0.02	7.88
Standard Bank Fund Mngmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67557						
International Bond	5	$-	18.05	18.98	+0.07	4.53
Sterling Bond	3	£-	9.875	10.22	+0.04	8.40
Sterling Dep		£-	42.96	42.98	+0.00	5.30
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 503002						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	101.42	101.42	104.47	+0.01	6.00
Gilt & Fixed Interest	3	118.37	118.37	123.72	+0.59	7.46
Blue Chip & Gilt Edged	5	60.01	60.01	63.16	+0.22	3.61
International Bond	5	137.58	137.58	144.80	+0.11	4.50
UK Equity	5	252.91	261.38	275.14	+0.35	1.28
International Equity	5	179.91	182.59	192.20	+0.55	0.36
Far Eastern	5	171.71	174.67	184.07	-0.21	0.00
European	5	127.10	127.74	134.47	+0.02	0.00
Nth American	5	370.63	374.46	394.18	+0.58	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	107.68	107.68	111.88	+0.53	7.65
Monthly Share	3	108.92	108.92	110.42	+0.53	7.61

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$7.827	8.236	-0.019	0.0

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Banque Scandinave a Luxembourg SA - Contd.						
Scandifund Bond Fund						
Bond Int. Acc.	1	$-	12.33	12.47	+0.05	6.64
Europe Bond Acc.	1	$-	1.52	1.55	-	7.15
Bond DEM Acc.	1	DM-	1.24	1.26	-	6.64
Bond USD Acc.	1	$-	1.43	1.45	+0.01	5.79
Bond Sweden Acc.	1	SKr-	16.59	16.77	+0.01	[illegible]
Scandifund International Sicav						
Intl Emerging Markets	5	$-	1.07	1.13	-	-
Barclays Diversified Portfolio						
14 rue Aldringen L-1118 352 4799 2333						
IPB Deutschmark Reserve		DM-	31.58	-	-	-
IPB Sterling Reserve		£-	10.39	-	-	-
IPB Swiss Franc Reserve		SFr-	30.64	-	-	-
IPB US Dollar Reserve		$-	20.35	-	-	-
IPB European Bond		Ecu-	17.86	-	-	-
IPB North American Bond		$-	21.38	-	-	-
IPB Espana		Pts-	2767	-	-	-
IPB Europe		Ecu-	18.19	-	-	-
IPB Japan		$-	27.73	-	-	-
IPB Pacific Rim		$-	23.11	-	-	-
IPB United Kingdom		£-	11.04	-	-	-
IPB United States		$-	21.11	-	-	-
Barclays Inv Funds (Luxembourg)						
41 Avenue de la Gare L-1611 010 352 404544						
Equity Funds						
European Equity ‡	5¼	£-	0.925	0.984	-0.001	0.3
Intl Equity ‡	5¼	£-	1.456	1.549	+0.001	0.5
North Am Eqty ‡	5¼	$-	34.14	36.30	+0.170	0.3
Pacific Eq ‡	4¾	$-	6.245	6.641	-0.020	0.6
UK Equity ‡	5¼	£-	1.102	1.173	-0.001	2.8
Bond Fund						
International Bond ‡	3½	$-	99.88	104.43	+0.160	6.3
CMI Asset Management (Luxembourg) SA						
203 route d'Arlon, L-1150 Lux 010 352 456025						
CMI Managed Portfolio Investment Company (a)						
Safeguard Portfolio F.		£-	1.271	1.354	-0.003	-
Growth Portfolio F.		£-	1.140	1.224	+0.002	-
Enterprise Portfolio F.		£-	1.108	1.178	+0.003	-
CMI Global Network Fund (a)						
Australasian Equity		A$-	13.398		+0.002	-
Benelux Equity		Dfl-	22.041		+0.009	-
Canadian Equity		C$-	10.065		+0.016	-
SE Asia Equity		$-	13.174		-0.026	0.95
French Equity		FFr-	82.871		-0.167	0.94
German Equity		DM-	19.271		-0.009	-
Iberian Equity		Pta-	729		-18	0.01
Irish Equity		I£-	4.470		+0.010	-
Italian Equity		L-	7856		+44	-
Japanese Equity		Y-	1375		+3	-

[illegible]

	Bid Price	Offer Price	+ or -	Yield Gross
European Warrants	$6.34	6.72	+0.02	-
Managed	HK$12.23	12.94	+0.01	-
Private Capital Tst	$22.78		+0.09	-
China Fund	$10.42		-	-
Wellington Fd Mngrs (Bermuda) Ltd				
Intnl Growth Fd	$13.83	14.52	-	-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (2)	$12.91		+0.09	-
Wells Fargo B Shs (2)	$13.93		+0.19	-
Worldwide Limited				
NAV Jun 30	$80.20		-	-
Xiphias International Investment Fd Ltd				
Xiphias Int US$ Acc	$1.2930		-	-
Xiphias Int ECU Acc	Ecu1.3169		-	-
Xiphias Int ECU Dis	Ecu1.1755		-	-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$13.06		-0.13	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. GG Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Danes feel ERM strain

The Danish Central bank sent a flutter through European exchange markets yesterday by raising its two-week repo rate by 1.2 percent to defend the krone, *writes Stephanie Flanders*.

The Danes' action came before the news that the Bundesbank and Bank of France were leaving their official interest rates unchanged. The rate-hike left Danish real interest rates at 8 per cent on the day that Danish GDP was announced to have fallen by 1.6 per cent in the first quarter of the year. The combined effect was to heighten speculation that the Danish currency was in trouble, while the tension surrounding the franc subsided.

Traders reported interventions by the Danish and Dutch authorities throughout the day, as the krone fluctuated widely. There was a flurry of rumours, thought to have begun in the New York market, that the Danish government was making plans to leave the ERM. But few analysts took them seriously. "I give them two out of ten for credibility", said Alison Cottrell at Midland Global Markets in London.

Some thought that the active rumour market was itself a sign that the speculators had lost their nerve. Perhaps supporting this view, the Danish currency was able to finish slightly above Wednesday's European close of DKr3.8951 *against the D-Mark, at DKr* 3.8925.

Meanwhile, the pressure on the French franc eased slightly, with the currency hovering between Ffr3.41 and Ffr3.42 for most of the day. Analysts continue to differ on the long term prospects for the *franc fort* policy.

Brian Hilliard, international economist at Societe Generale Strauss Turnbull in London, said that ultimately the existing parities would survive. "What's happpening is a scare, not a fatal blow," he commented. "The fact that the Bundesbank did not reduce rates yesterday morning led many people to write off further German moves to help the franc," he said. "But there is plenty more that they can do to help the French. The Bundesbank's commitment to support the franc is total." On the other side of the spectrum was Neil MacKinnon of Citibank in London: "the absence of a Bundesbank rate move puts another nail on the coffin of the ERM."

Gaining, as ever, from the uncertainty in continental Europe was the dollar, which rose sharply against the D-Mark for most of the day. The American currency closed at DM1.724 in London, up from Wednesday's DM1.721, and looked set to rise further in New York trading. "The dollar can only gain as long as the European turmoil continues," said one London trader.

The pound suffered against the D-Mark, but this was considered to be the result of profit-taking, rather than a re-evaluation of sterling's underlying *strength. It closed at DM2.565*, half a pfennig lower.

£ IN NEW YORK

Jul 15	Latest	Previous Close
£ Spot	1.4865-1.4875	1.5030 1.5040
1 month	0.37-0.36pm	0.38 0.37pm
3 months	1.03-1.01pm	1.05 1.02pm
12 months	3.10-3.03pm	3.13 3.03pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 15	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	188.869	-2.07	3.96	35
Spanish Peseta	154.250	152.713	-1.00	2.86	17
Dutch Guilder	2.19672	2.19362	-0.14	1.98	28
D-Mark	1.94964	1.95034	0.04	1.80	25
Belgian Franc	40.2123	40.2311	0.05	1.79	18
Irish Punt	0.808628	0.809276	0.08	1.75	15
French Franc	6.53883	6.65808	1.82	0.01	-78
Danish Krone	7.43679	7.57308	1.83	0.00	-65

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls August	Calls September	Calls December	Puts August	Puts September	Puts December
118	-	-	2.09	0.04	0.18	-
119	-	1.18	1.48	0.14	0.41	1.10
120	0.29	0.61	1.00	-	0.80	-
121	0.09	0.28	-	-	-	-
122	0.03	0.10	-	-	-	-
Open int	24,147	131,758	45,448	29,241	177,283	31,742

Estimated volume 39,524 † Total Open Interest 473,079

† All Yield & Open Interest figures are for the previous day.

MONEY MARKETS

Germany disappoints

The Bundesbank was quick to inform the market yesterday that there would be no cut in German interest rates for the time being, *writes Stephanie Flanders*.

Although German Lombard and discount rates stay unchanged until the next council meeting on July 29, short rates were still able to fall, due to the extra liquidity provided in Wednesday's repo tender. One month German money closed at around 7.24 per cent, down from Wednesday's 7.40 per cent.

UK clearing bank base lending rate 6 per cent from January 26, 1993

There was more movement in Danish money market rates, following the central bank's decision to increase its repo rate from 7.80 per cent to 9 per cent. This drew attention away from France, where the central bank held its intervention rate at 6.75 per cent and the repo rate at 7.75 per cent. Three month French money market rates fell during the day, reflecting the general lull in the tension surrounding the franc, rather than a fundamental shift in market opinion.

Meanwhile, sterling money markets were unsettled at the short end today by a lingering shortage which at one point took overnight rates as high as 7½ per cent. The Bank of England had forecast a shortage of £1.3bn, later revised to £1.45bn, but did not enter the market in the morning. Afternoon discount market operations later dispatched the shortfall, and dealers did not generally think that the Bank had been signalling a rate change. Overnight money fell back to 6¾ per cent.

Other sterling money market rates were steady, in spite of the fifth consecutive fall in unemployment and a large reduction in unit wage costs. As one trader pointed out, the unemployment data would have pleased the financial markets either way. "It was a win-win situation", he said. "The promising figures mean that Britain is headed for precisely the kind of recovery that the markets would like to see, but weak figures would have signalled an early rate cut, which is also desirable".

Overall, it was felt that the figures conveyed little new information, and this was reflected in the trading in sterling futures. The September contract lost 4 basis points to close at 94.18, with the December contract was down slightly less to close at 94.43.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BASE LENDING RATES

	%
Adam & Company	6
Allied Trust Bank	6
AIB Bank	6
●Henry Ansbacher	6
B & C Merchant Bank	13
Bank of Baroda	6
Banco Bilbao Vizcaya	6
Bank of Cyprus	6
Bank of Ireland	6
Bank of India	6
Bank of Scotland	6
Barclays Bank	6
Brit Bk of Mid East	6
●Brown Shipley	6
CL Bank Nederland	6
Citibank NA	6
City Merchants Bank	6
Clydesdale Bank	6
The Co-operative Bank	6
Coutts & Co	6
Credit Lyonnais	6
Cyprus Popular Bank	6
Duncan Lawrie	6
Equatorial Bank plc	6
Exeter Bank Limited	7
Financial & Gen Bank	7
●Robert Fleming & Co	6
Girobank	6
●Guinness Mahon	6
Habib Bank AG Zurich	6
●Hambros Bank	6
Heritable & Gen Inv Bk.	6
●Hill Samuel	6
C. Hoare & Co	6
Hongkong & Shanghai	6
Julian Hodge Bank	6
●Leopold Joseph & Sons	6
Lloyds Bank	6
Meghraj Bank Ltd	6
McDonnell Douglas Bk.	6
Midland Bank	6
Mount Banking	6
NatWestminster	6
Nykredit Mortgage Bnk	6.5
●Rea Brothers	6
Roxburghe Bank Ltd	8
Royal Bk of Scotland	6
●Smith & Williamson Secs.	6
Standard Chartered	6
TSB	6
●United Bk of Kuwait	6
Unity Trust Bank Plc	6
Western Trust	6
Whiteaway Laidlaw	6
Wimbledon & Sth West	7
Yorkshire Bank	6

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close July 15

Quotations in cents unless marked $

MONTREAL

4 pm close July 15

Total Sales 31,308,374 shares

INDICES

NEW YORK

DOW JONES	July 14	July 13	July 12	July 9	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3542.55	3515.44	3524.38	3521.06	3554.83 (27/5)	3241.95 (20/1)	3554.83 (27/5/93)	41.22 (2/7/32)
Home Bonds	107.58	107.46	107.51	107.63	107.75 (29/6)	103.49 (11/1)	501.97 (27/4/93)	54.99 (1/10/81)
Transport	1543.62	1504.54	1495.72	1509.18	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	245.19	244.79	245.72	246.05	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3562.39 (3544.22) Low 3507.34 (3491.13) (Theoretical♦)
Day's High 3550.65 (3533.32) Low 3514.68 (3510.69) (Actual♦)

STANDARD AND POOR'S

	July 14	July 13	July 12	July 9	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	450.08	448.08	448.98	448.13	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	513.31	510.29	510.88	509.48	524.99 (10/3)	495.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.22	45.52	45.85	45.79	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	249.35	248.38	248.84	248.19	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	438.67	439.11	438.10	434.37	440.95 (4/6)	395.84 (8/1)	440.95 (4/6/93)	29.31 (9/12/72)
NASDAQ Composite	712.49	708.47	707.67	705.81	712.49 (14/7)	645.87 (26/4)	712.49 (14/7/93)	54.87 (31/10/72)

	July 9	July 2	Jun 25	year ago (approx.)
Dow Industrial Div. Yield	2.93	2.96	2.95	3.13

	Jul 7	Jun 30	Jun 23	year ago (approx.)
S & P Industrial div. yield	2.56	2.51	2.55	2.68
S & P Indl. P/E ratio	24.88	25.42	25.04	28.45

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Repsol SA	16,886,900	24⅛	+ ⅛
Home Shopping	6,179,500	14⅛	- ⅝
YPF Soc	3,669,300	20⅛	- ⅜
RJR Nabisco	3,275,900	5⅜	+ ¼
Humana	3,114,600	12¾	—
Wal-Mart Stores	2,730,800	26½	+ ⅛
Citicorp	2,676,300	30⅞	- ⅜
Tucson Elt	2,491,500	4⅛	- ¼
Dean Disc	2,421,900	35⅝	- 1¼
Pepsico	2,308,100	35	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	July 14	July 13	July 12
New York SE	280.580	234.230	202.417
Amex	21.263	20.215	17.137
NASDAQ	(u)	258.530	202.516
NYSE			
Issues Traded	2,595	2,571	2,558
Rises	1,210	967	1,024
Falls	780	946	886
Unchanged	605	658	648
New Highs	144	125	126
New Lows	28	24	23

CANADA

TORONTO	July 14	July 13	July 12	July 9	1993 HIGH	1993 LOW
Metals & Minerals	2937.33	2984.08	2965.82	2974.79	3020.48 (2/7)	2743.31 (21/1)
Composite	3941.7	3951.7	3950.50	3927.40	3997.72 (2/7)	3275.80 (21/1)
MONTREAL Portfolio	1899.17	1899.89	1903.07	1888.18	1939.10 (25/6)	1730.97 (21/1)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	July 15	July 14	July 13	July 12	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1805.9	1804.5	1804.2	1801.8	1805.90 (15/7)	1495.00 (13/1)
All Mining (1/1/80)	846.1	845.2	855.0	856.7	856.70 (12/7)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	354.98	350.87	349.80	351.64	357.78 (6/7)	300.28 (14/1)
Traded Index (2/1/91)	876.86	871.34	869.64	876.75	876.86 (15/7)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1331.53	1328.13	1328.54	1318.33	1331.53 (15/7)	1125.48 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	311.10	310.74	311.37	311.32	314.85 (30/6)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1236.5	1249.8	1257.2	1245.5	1257.20 (13/7)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	546.06	(c)	545.09	542.75	547.37 (30/6)	471.24 (13/1)
CAC 40 (31/12/87)	1963.08	(c)	1991.15	1992.22	2005.91 (30/6)	1772.21 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	700.43	700.59	694.96	697.32	700.59 (14/7)	588.92 (14/1)
Commerzbank (1/12/53)	1998.4	1999.4	1982.2	1987.2	1999.40 (14/7)	1694.30 (14/1)
DAX (30/12/87)	1807.86	1811.55	1807.16	1818.17	1818.17 (12/7)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	6978.54	6955.50	6956.10	6952.59	7447.24 (27/5)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1639.76	1635.59	1619.81	1617.67	1639.76 (15/7)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	554.57	553.66	545.73	546.00	558.17 (20/5)	446.33 (6/1)
MIB General (4/1/93)	1222.0	1220.0	1204.0	1205.0	1236.00 (20/5)	992.00 (11/1)
JAPAN						
Nikkei (16/5/49)	20158.02	20139.11	20180.42	19980.00	21076.00 (3/6)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1639.68	1631.58	1635.31	1613.68	1676.13 (3/6)	1250.06 (25/1)
2nd Section (4/1/68)	2248.50	2236.82	2229.51	2222.62	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	714.23	719.30	718.86	722.82	746.29 (11/6)	614.28 (13/1)
NETHERLANDS						
CBS Tot.Rtn.Gen.(End 1983)	351.3	352.4	353.1	354.3	354.30 (12/7)	295.70 (4/1)
CBS All Shr (End 1983)	230.5	231.2	231.7	232.5	232.50 (12/7)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	855.91	856.66	853.87	852.63	856.66 (14/7)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1624.07	1616.96	1624.68	1629.79	1654.39 (5/5)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	442.03	444.22	445.53	444.33	468.48 (31/5)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1907.0♥	1984.0	1950.0	1976.0	2092.00 (7/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4629.0♥	4637.0	4636.0	4638.0	4719.00 (6/7)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	762.40	762.96	762.94	769.07	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	259.31	260.04	259.50	258.34	264.82 (22/6)	215.80 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1144.9	1139.8	1134.6	1127.6	1144.90 (15/7)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1034.7	1041.7	1046.6	1044.6	1046.60 (13/7)	904.80 (11/1)
SBC General (1/4/87)	821.6	824.9	827.9	825.1	827.90 (13/7)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	3969.17	4022.47	4013.18	4078.71	5013.28 (7/4)	3088.43 (6/1)
THAILAND						
Bangkok SET (30/4/75)	890.05	892.98	900.68	905.18	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl.(1/1/70) $	568.6*	568.0	567.0	561.6	576.30 (3/6)	486.60 (13/1)
Euro Top-100 (26/6/90)	1034.07	1036.34	1034.35	1030.46	1036.34 (14/7)	862.73 (13/1)

**Saturday July 10: Taiwan Weighted Price: 4078.59, Korea Comp Ex. 769.87.
♥ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 25 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday, July 15, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Cosmo Oil	12.5m	880	+13	Hitachi	4.2m	869	+10
Nippon Kayaku	6.8m	886	+32	Kyocera	4.1m	6,230	+230
Niikatsu	6.5m	23	-1	Tobu Railway	4.0m	860	+15
Kawasaki Steel	5.6m	345	+2	Nippon Steel	3.8m	371	-2
Nippon Yusen KK	4.8m	630	+6	NKK	3.8m	309	-4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close July 15

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	11½	AAR Corp	0.48	3.6	24	69	13½	13⅜	13⅜	-⅛
29⅞	20	A L Labs A	0.18	0.7	45	493	26	25¾	25¾	-⅜
63⅞	54⅝	AMP Inc	1.60	2.6	22	1395	61⅞	61⅜	61⅝	-½
72¾	55½	AMR			9	9049	63⅜	62	62	-½
2¾	1¾	ARX			15	40	2⅝	2½	2½	
51½	29⅞	ASA	2.00	4.2	31	354	48⅜	47⅝	48	+⅞
30¾	22⅝	Abbott Lab	0.68	2.7	15	10040	25¾	25⅛	25¼	-⅝
12⅝	10⅛	Abitibi Pr	0.50	4.8	4	4	10½	10½	10½	-⅛
14⅛	8¼	Acptncain			233	606	14	13⅝	14	+1
32	25½	ACE Ltd	0.40	1.4		137	29½	29¼	29½	+¼
12	10¾	ACM Gvt In x	0.96	8.1		461	u12	11⅞	11⅞	+⅛
10	9⅛	ACM GvOpp x	0.80	8.1		45	9⅞	9⅞	9⅞	
9⅝	8¾	ACM Gvt Sp	0.80	8.3		279	u9⅝	9½	9⅝	+⅛
11½	10½	ACM Gvt Se	0.95	8.5		318	11⅜	11¼	11¼	-⅛
11⅝	9⅝	ACM Man x	1.08	9.5		144	u11⅝	11¼	11⅜	
9⅝	8⅝	ACM Mangd x	0.72	7.9		153	9⅛	9	9⅛	
12⅝	7¾	Acme Cleve	0.40	3.3	15	400	12¼	11⅞	12	
9¼	6½	Acme Elect			250	53	7⅝	7½	7½	-⅛
24¾	18⅝	Acordia	0.44	2.0	13	56	22½	22⅜	22½	+⅛
16	10⅜	Acuson			13	270	11¾	11½	11¾	+⅛
22¼	19⅝	Adams Expr	0.48	2.4	1	12	20½	20⅜	20⅜	-⅛
66	45½	Ad Micro	3.00	5.5		396	55⅞	54⅜	54½	-1
32¾	17⅝	Ad Micro P	3.00	12.4	9	3747	25	24¼	24¼	-⅞
7¾	5½	Advest Grp	0.16	2.8	9	66	5⅞	5¾	5¾	
24¾	16	Advo Inc	0.08	0.4	20	54	19	18⅝	18¾	-⅛
49⅜	41⅛	Aegon ADR	2.85	6.6	9	148	45	44⅜	44⅜	-⅛
57⅝	43⅜	Aetna Lf	2.76	4.8	147	2179	u57¾	57½	57½	+⅛
14½	11½	Affil A	0.28	1.9	32	1031	13⅞	13¾	13⅞	
32¼	25⅜	Affias	0.40	1.4	16	599	29⅝	29½	29⅝	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Continued on next page

4 pm close July 15

NYSE COMPOSITE PRICES

Continued from previous page

- S -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
22	15½	S Anita Rt x	1.36	7.6	17	140	18⅛	17¾	18	+¼
20¾	16	SCOR US Cp	0.32	2.0	300	34	16¼	d15¾	16	
29¼	20	SPS Techno	1.28	4.6	20	5	28	28	28	+¼
14½	12⅞	Sabine Rt x	1.77	13.4	9	25	13¼	13⅛	13¼	+⅛
13¾	8⅞	Safecard	0.20	1.5	12	128	13¼	13⅛	13⅛	
23½	18⅞	Safeg'd Sc			8	161	19	18⅝	18⅞	-¼
24¾	16¼	SafetyKln	0.36	2.1	25	1020	17	16⅝	16⅞	-⅛
16½	10⅞	Safeway			28	3748	u16¾	16⅛	16⅝	+⅞
9⅝	2	SafewayWBS				370	3½	3⅜	3½	+⅛
44½	37½	StJoePaper	0.20	0.5	100	68	42¼	41¾	42	+⅛
37¾	31	StJosLP	1.76	4.8	14	15	36¾	36½	36½	-½
85¼	75	St Paul's	2.80	3.3	13	1330	u85¾	84⅞	85⅜	+¾
11⅞	7⅞	Salant Crp			6	8	10¾	10¾	10¾	-¼
75¼	39⅞	Sallie Mae	1.20	2.8	9	4373	43¼	42¾	43¼	+¼
19⅞	13	Salomon Br	0.36	2.7		381	13½	13¼	13⅜	
41⅞	34	SalomonInc	0.64	1.6	20	1187	39⅛	38¾	39	
26⅞	23¼	SanDgo G&E	1.48	5.7	14	198	26⅛	26	26	-½
4⅞	3½	SantaFeEDu	0.40	10.0	200	33	4	3⅞	4	
11⅞	9⅛	SantaFeEPs	0.16	1.7	037	1958	9¾	9⅝	9⅞	-¼
[illegible]										

- T -

1993 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
9½	5½	TCBY Enter	[illegible]							
34⅞	27¾	TCF Financ	[illegible]							
[illegible]										

AMEX COMPOSITE PRICES

4 pm close July 15

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

Price data supplied by Telekurs

NASDAQ NATIONAL MARKET

4 pm close July 15

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

FINANCIAL TIMES Friday July 16 1993

AMERICA

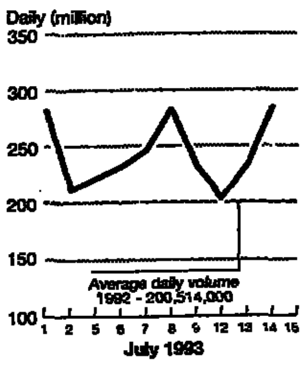
Drug stocks decline on downgrade

Wall Street

AMID sharp declines in drug stocks, US equity markets pulled back from their highs in spite of another decline in bond yields, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was down 16.49 at 3,526.06. The more broadly based Standard & Poor's 500 was 2.83 lower at 447.29, while the Amex composite was down 1.47 at 437.20, and the Nasdaq composite off 3.40 at 709.09. Trading volume on the NYSE was 147m shares by 1 pm, and declines outnumbered rises by 1,016 to 738.

NYSE volume



After Wednesday's gains, when stocks neared, or broke through record highs, market observers were not surprised when prices fell from the start amid some early profit-taking. The day's economic news was mixed: a smaller-than-expected rise in weekly jobless claims was bullish for stocks, but a sharp drop in the Philadelphia Federal Reserve's July index of local business activity was a reminder that the economy continues to struggle to pick up steam.

Although corporate earnings came in quickly, the day's main story was the drugs sector. Prices tumbled across the board in busy trading after Ms Christina Heuer, the sector analyst at Smith Barney, Harris Upham, downgraded her investment rating on the drug group as a whole from "neutral" to "under perform".

Ms Heuer said that she believed that some of the big drug companies will cut their dividends to preserve cash, and that equity prices could fall by a further 20 per cent to 30 per cent in the short term.

Almost every major drug stock fell sharply on the downgrade. Pfizer dropped $1¾ to $63, Merck $1⅛ to $33⅝, Schering Plough $1¾ to $64⅞, American Home Products $1⅛ to $63⅛, Bristol-Myers Squibb $1⅞ to $58⅜, Warner-Lambert $1⅞ to $67 and Eli Lilly $⅞ to $46⅞.

Another stock to be hit by a downgrade, and disappointing second quarter results, was Storage Technology, which plummeted $7½ to $33⅝ after Lehman Brothers and Kemper Securities cut their ratings on the stock and slashed 1993 earnings forecasts.

Time Warner fell $½ to $38¼ after posting a second quarter loss, although underlying operating earnings were up by 10 per cent.

On the Nasdaq market, Scitex plunged $8⅝ to $29⅛ following a profits warning, and SynOptics Communications slipped $4 to $34 on disappointing second quarter earnings.

Canada

TORONTO tumbled at noon on weakness in oil and gas and base metals issues, although gold stocks did slightly better than hold their ground.

The TSE 300 composite index fell 13.94 to 3,927.72 in turnover of 30.5m shares valued at C$358.79m, declines outstripping advances by 314 to 248 with 268 steady. Among the sector indices, metals and minerals were off 23.23 at 2,914.10 and oil and gas fell 51.29 to 4,627.82.

EUROPE

Pressure on franc contributes to weaker Paris

THE Bundesbank's decision to hold interest rates seemed to have little effect on bourses, *writes Our Markets Staff.*

PARIS was slightly disappointed by the Bundesbank decision. Pressure on the franc continued in the money markets, sending the currency even closer to its ERM floor. Nevertheless, said brokers, the recent show of unity between French and German politicians, as well as frequent intervention by central banks to support the franc, suggests that the currency will weather the present storm.

The CAC-40 index lost 28.07 or 1.4 per cent to 1,963.08 in turnover of some FFr3.2bn. Weakness in the bond market contributed to the fall in equities, while some profit-taking was also in evidence after last week's gains as speculation had intensified that devaluation might be imminent.

Lyonnaise-Dumez weakened after a negative analysts meeting and news that one of its divisions had suspended payments. The shares lost FFr19.80, or 4 per cent to FFr462.10. Générale des Eaux initially gained from some switching out of Lyonnaise, but as speculation that it might sell its Cie Immobiliere Phenix fizzled out the shares lost ground, closing down FFr11 at FFr2,114.

FRANKFURT, barely moved by the Bundesbank's lack of action on interest rates, saw the DAX index slip 3.99 to 1,807.66 as the arguments continued over its prospects.

Merrill Lynch said that the enthusiasm over recovery prospects in German cyclicals is misplaced: "The present euphoria is likely to evaporate as concerns over potential recovery in 1994 arise and further cuts in interest rates are seen to be grudgingly low".

In Frankfurt, Mr Patrick Bettscheider, equity dealing head at Bank Julius Bär, said that the bank's UK-based clients were heavily underweight, and waiting for a correction to 1,750. He thought that there would be big buying if the DAX gets down to 1,780.

Turnover fell from DM9.6bn to DM8.4bn. BASF rose by DM2 to DM252.20; Bank Julius Bär said that BASF has a gas pipeline which will break the Ruhrgas monopoly in Germany and add DM5 a share to BASF earnings from 1995.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

July 15 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1236.54	1234.99	1235.42	1234.15	1233.45	1232.41	1231.70	1229.70
FT-SE Eurotrack 200	1284.31	1282.64	1283.96	1282.02	1281.84	1280.00	1279.22	1278.79

	Jul 14	Jul 13	Jul 12	Jul 9	Jul 8
FT-SE Eurotrack 100	1237.14	1235.91	1232.90	1230.56	1225.73
FT-SE Eurotrack 200	1283.38	1279.32	1274.63	1274.12	1270.80

Base value 1000 (26/10/90) High/day: 100 - 1236.68; 200 - 1286.41 Low/day: 100 - 1229.70 200 - 1278.26

ZURICH fell on profit-taking, the SMI index losing 11.8 to 2,399.1. Sandoz ended SFr25 lower at SFr3,340 on interim results which, said Ms Birgit Kulhoff, pharmaceuticals analyst at Swiss Volksbank, took in lower than expected turnover, and higher earnings.

Meanwhile, SMH dropped SFr14 to SFr238 as Mr Martin Newson, at Goldman Sachs in London, took it off his buy list. Mr Newson said that he had been a long time bull of the stock and that, indeed, he had just upgraded his earnings forecast for the watchmaker; but the share price, he said, had gone high enough.

MILAN was unsettled by news of further delays in the privatisation programme, particularly in the telecommunications sector. Hopes that the privatisation of Stet would go ahead speedily following the announcement on Wednesday that Italcable and Sip were to be merged, evaporated as quickly yesterday. The government said yesterday that the privatisation of Stet will only take place after the sector is reorganised, with most analysts setting a date sometime in the latter half of 1994.

Stet shed L20 to L3,905 at the close, before going to L3,890 on the kerb. Italcable lost L316 to L7,574. The Comit index inched 0.91 ahead to 554.57.

There was news of another delay in the privatisation programme, this time of two weeks, in the sale of Sme, the state food group. Bureaucratic delays were blamed as the shares lost L107 to L5,962.

Among insurers, Generali briefly broke the L40,000 resistance level on strong overseas buying, before closing L960 higher at L39,750. Brokers commented that there was also steady activity in second line insurers.

AMSTERDAM was attracted to KLM on the cyclical recovery theme as the shares rose Fl 2.40 to Fl 33.40, mainly on overseas interest. Since the start of the month the shares have risen by some 27 per cent.

The CBS Tendency index lost 0.1 to 117.0. DSM, another cyclical favourite, fell back Fl 1.00 to Fl 97.30 after recent strong gains and an 11 per cent rise since July 1. Kleinwort Benson issued a sell recommendation yesterday in anticipation of disappointing second quarter results due later this month and downgraded its 1993 profits forecast to Fl 7m from Fl 246m in 1992.

STOCKHOLM showed continued strength in Ericsson which has been attracting substantial overseas buying this week, the B shares adding another SKr17 to SKr383. The Affärsvärlden index put on 5.10 to 1,1490.90. Shipping stocks were behind the gains in OSLO as the All share index improved 2.87 to 518.59, a 22 month high.

MADRID continued its pattern of little movement in thin trading, the general index losing 0.73 to 259.31 as the peseta fluctuated in the foreign exchange market. Construction stocks saw the worst of the declines, with Uralita down Pta24 to Pta822 in spite of a Nomura buy recommendation.

TEL AVIV continued its up and down career, the blue chip index recovering 4.11 to 195.95 in anticipation of a slowdown in inflation which was confirmed after hours.

ASIA PACIFIC

Nikkei stands firm on hopes of support for economy

Tokyo

BROADLY BASED buying prompted by hopes of fiscal and monetary support for the economy lifted share prices, but late afternoon profit-taking by dealers and arbitrageurs wiped out most of the gains, *writes Emiko Terazono in Tokyo.*

The Nikkei average ended 18.91 up at 20,158.02 after a day's high of 20,394.64 set in the early afternoon which reflected buying by overseas investors, domestic institutions, individuals and dealers. However, arbitrage-related selling towards the close, after a fall in the futures index, pushed the Nikkei to a day's low of 20,144.21.

Volume rose to 400m shares from 308m. Advances outnumbered declines by 678 to 321, with 168 issues unchanged. The Topix index of all first section stocks gained 8.10 at 1,639.68, and in London the ISE/Nikkei 50 index ended 3.30 firmer at 1,245.18.

Traders said opinion polls which suggested that the ruling Liberal Democratic party could retain its pre-election strength also encouraged index sentiment. "There is a gradual recovery in confidence as some of the initial uncertainties are starting to be removed," one trader remarked.

Cosmo Oil, the day's most active issue, climbed Y13 to Y880 on reports that it was participating in an oil field development project in Vietnam. Nippon Kayaku, a chemicals group which trailed Cosmo in volume, jumped Y32 to Y866. Buying orders came in on speculation that it would gain a large share in the epoxy resin market, after an explosion at Sumitomo Chemical's epoxy resin plant earlier this month.

Kirin Brewery, the country's largest brewer, receded Y20 to Y1,260. Company executives were arrested on Wednesday on charges of paying about Y33m to racketeers.

Gajoen Kanko, whose top shareholder, Dream, filed for court protection, dropped by its daily limit of Y80 to Y143 after Wednesday's trading suspension.

Kyocera, the leading maker of semiconductor ceramic packages, put on Y230 at Y6,230 on hopes of firm profits due to a recovery in the semiconductor industry. Speculation that Daini Denden, in which Kyocera has a 25 per cent stake, would apply for listing also supported sentiment.

Banks were stronger on hopes of lower interest rates. Industrial Bank of Japan rose Y50 to Y3,180 and Sakura Bank Y10 to Y1,650. Brokers were also higher, with Nomura Securities up Y10 to Y2,060.

In Osaka, the OSE average appreciated 131.34 to 22,288.77 in volume of 32.2m shares.

Roundup

THE overnight advance on Wall Street supported some of the region's markets yesterday.

HONG KONG rose on active trading in Tsingtao Brewery – the first Chinese company to be listed in Hong Kong – and in other China-related stocks.

The Hang Seng index gained 23.04 at 6,978.54 in turnover up from HK$3.34bn to HK$3.77bn. Tsingtao ended at HK$3.625, against its offer price of HK$2.80. A total of 173.6m shares in the brewery, worth HK$623.9m, were traded.

Among other China-related issues, Tung Wing Steel rose 65 cents, or 12 per cent, to HK$6.

SINGAPORE's shipyard stocks took the heaviest falls as the Straits Times Industrial index shed 12.16 to 1,762.95 in volume of 99.4m shares.

Neptune Orient Lines dipped 8 cents to S$1.55 amid uncertainty over the exercise price for converting the company's 13.2m preference shares into ordinary stock. Brokers said the authorities were investigating a sharp fall in Neptune shares on Monday over possible price manipulation.

TAIWAN reported selling of financial shares as the weighted index slipped 53.30, or 1.3 per cent, to 3,969.17. Turnover was a thin T$14.4bn, against T$15.3bn.

Leading banks, which had performed well after announcing an average 80 per cent growth in pre-tax profits for the fiscal year ended June 30, retreated yesterday. Chang Hwa Bank relinquished T$3.50 to T$123, First Bank T$4.50 to T$145.50 and Hua Nan Bank T$3 to T$133.50.

MANILA was supported by Philippine Long Distance Telephone, which added 5 pesos at 1,005 pesos. The composite index gained 7.09 at 1,624.07. Turnover was 415.6m pesos.

NEW ZEALAND's Lion Nathan moved forward 6 cents to NZ$3.36 following its share placing on Wednesday. The NZSE-40 index rose 4.83 to 1,711.45 in turnover of NZ$44m.

BOMBAY lost ground in a session limited to just one hour of trading. The BSE index closed 25.31 down at 2,159.93.

KARACHI moved higher after a government announcement of incentives to boost exports. The KSE index finished 4.49 firmer at 1,268.20.

SOUTH AFRICA

GOLD shares closed sharply down but off the day's lowest levels, the index weakening 77 to 1,907. The industrials index lost 8 to 4,629 and the overall index shed 21 to 4,113. Vaal Reefs fell R11 to R339 but De Beers added 75 cents at R83.

Italy leads June turnover recovery

But Switzerland showed the real strength, writes William Cochrane

Far from selling in May and going away, investors came back to European bourses in June as the FT-Actuaries Europe index rose by 3 per cent in local currency terms.

After month-on-month falls of 25 per cent in April, as political and economic worries took their toll, and 2.3 per cent in an indecisive May, aggregate turnover in Europe's eight biggest equity markets increased by 20 per cent over the month.

There were signs that domestic investors were returning to their markets, says Mr James Cornish, a strategist with NatWest Securities, which produces the figures. Seaq International, the London-based screen trading system, showed a rise of 8.9 per cent on the month, indicating that international investors were relatively quiet.

Recording the greatest turnover increase for the month was Italy, a rise of 56.9 per cent taking it back to the levels it enjoyed in March and April.

This was no small thing. Turnover of upwards of L30,000bn a month in Italy takes it to three or four times the level it averaged in the first half of 1992; and there had been fears that Italian volume would not recover, as the ever-widening corruption scandal blighted hopes of a post-devaluation economic recovery.

Switzerland, once again, outperformed a rising Europe in share price terms with a gain of 4.7 per cent on strong fundamentals, a rising dollar, the view that its banks were still quite cheap, and a recovery in the pharmaceutical sector after worries about President Bill Clinton's healthcare package in the US.

Swiss turnover showed a rise of 48.5 per cent on the month. The question arising from this is why Dutch turnover only increased by 7.6 per cent in June: Amsterdam bourse performance ran parallel with that of Zurich, showing a gain of 4.7 per cent in local terms on the month and 15.7 per cent for the six months to June, compared with 9.7 per cent for Europe as a whole.

Mr Cornish reckons that the turnover arose from the quality of the stocks underlying the gains in the market. So, while Switzerland's winners had strong defensive qualities, the Netherlands saw a highly cyclical upturn based on shares such as those of DSM, the chemicals group, or Hoogovens, in steels. In this instance, he thinks, there was more of a trading quality to the gains.

Germany rose by 26.2 per cent on the month, just ahead of the French 25.5 per cent increase on the post-election sell-off. Foreign buying of German stocks increased on signs that the west German economy was bottoming out; but there, the fun is still to come, with turnover in the first nine trading days of July up by 49 per cent from the average for June.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Mar 1993	Apr 1993	May 1993	Jun 1993	US $bn
Belgium	70.30	58.18	40.98	50.65	1.45
France	159.17	117.45	122.95	154.32	26.85
Germany	168.06	113.50	104.40	131.80	77.30
Italy	31,337.6	31,098.4	19,665.6	30,864.8	19.97
Netherlands	21.80	16.80	15.70	16.90	8.83
Spain	856.96	598.87	1,116.74	844.84	6.49
Switzerland	18.90	14.00	16.70	24.80	16.42
UK	51.82	38.79	40.62	41.86	62.47

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 14 1993								TUESDAY JULY 13 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	139.18	–0.1	137.33	94.44	124.13	136.45	+0.1	3.68	139.25	138.23	95.33	124.52	136.38	144.19	117.39	144.21
Austria (17)	149.60	+0.4	147.62	101.52	133.43	133.53	+0.1	1.45	149.02	147.93	102.02	133.26	133.42	150.96	131.16	165.90
Belgium (42)	150.22	+0.4	148.23	101.93	133.98	131.14	+0.1	4.36	149.61	148.51	102.41	133.78	130.97	156.76	131.19	150.37
Canada (108)	126.73	–0.9	125.05	85.99	113.02	117.74	–0.5	2.86	127.86	126.92	87.52	114.33	118.32	130.38	111.41	129.80
Denmark (33)	210.39	+0.1	207.60	142.77	187.64	191.15	–0.1	1.18	210.26	208.73	143.95	188.02	191.32	225.64	185.11	247.04
Finland (23)	97.85	–1.2	96.55	66.40	87.27	119.38	–0.5	1.02	98.99	98.27	67.77	88.52	119.95	100.92	65.50	77.52
France (96)	152.08	+0.3	150.07	103.19	135.63	139.80	+0.0	3.28	151.69	150.59	103.84	135.64	139.80	167.36	142.72	164.39
Germany (60)	115.08	+0.8	113.55	78.10	102.63	102.63	+0.3	2.07	114.39	113.56	78.32	102.29	102.29	117.10	101.59	129.25
Hong Kong (55)	280.46	+0.1	276.74	190.31	250.15	279.32	+0.2	3.38	280.05	278.00	191.71	250.44	278.86	301.61	218.82	257.99
Ireland (15)	159.50	+1.3	157.39	108.23	142.25	159.90	+1.1	3.37	157.49	156.34	107.82	140.83	158.17	170.40	129.28	166.02
Italy (70)	69.05	+1.6	68.13	46.85	61.58	81.89	+1.9	1.98	67.97	67.47	46.53	60.78	80.36	72.82	53.78	69.45
Japan (470)	150.97	+0.6	148.97	102.45	134.67	102.45	–0.3	0.81	150.08	148.98	102.74	134.22	102.74	155.96	100.75	102.15
Malaysia (69)	324.99	+0.0	320.68	220.52	289.85	321.67	+0.0	2.10	325.09	322.72	222.54	290.70	321.77	349.34	251.66	248.15
Mexico (19)	1558.79	+1.2	1538.14	1057.76	1390.26	5324.24	+1.0	0.93	1540.42	1529.16	1054.54	1377.48	5269.90	1725.81	1410.30	1437.74
Netherland (24)	166.05	+0.1	163.85	112.68	148.10	146.23	–0.2	3.76	165.82	164.61	113.51	148.28	146.56	172.75	150.39	167.18
New Zealand (13)	52.02	–1.4	51.34	35.30	46.40	50.25	–1.4	4.44	52.74	52.36	36.11	47.16	50.96	52.94	40.56	47.61
Norway (22)	160.49	+0.8	158.36	108.90	143.14	159.07	+0.5	1.66	159.29	158.12	109.05	142.44	158.26	168.21	137.71	173.98
Singapore (38)	245.32	–0.5	242.07	166.47	218.80	183.14	–0.4	1.88	246.47	244.67	168.73	220.39	183.83	262.72	207.04	217.88
South Africa (60)	206.71	+1.6	203.97	140.26	184.35	207.60	+1.0	2.44	203.53	202.04	139.33	182.00	205.52	211.77	144.72	205.06
Spain (44)	120.56	–1.3	118.96	81.81	107.52	123.30	+0.3	4.68	122.13	121.23	83.61	109.21	122.96	132.82	115.23	149.46
Sweden (36)	171.22	+0.0	168.95	116.19	152.71	200.88	+0.3	1.66	171.23	169.98	117.22	153.12	200.31	184.06	149.70	195.02
Switzerland (50)	128.97	+0.2	127.26	87.52	115.04	120.77	–0.4	1.80	128.67	127.73	88.09	115.07	121.25	129.36	108.91	113.20
United Kingdom (219)	173.20	+0.4	170.91	117.52	154.46	170.91	–0.2	4.05	172.44	171.18	118.04	154.18	171.18	181.99	162.00	190.75
USA (519)	184.35	+0.5	181.91	125.10	164.43	184.35	+0.5	2.78	183.49	182.15	125.62	164.09	183.49	186.27	175.38	169.64
Europe (751)	144.16	+0.4	142.25	97.82	128.58	138.06	+0.1	3.23	143.62	142.57	98.32	128.44	137.98	149.02	133.92	154.69
Nordic (114)	162.60	–0.1	160.45	110.34	145.02	167.48	+0.1	1.48	162.72	161.53	111.40	145.51	167.28	171.77	142.13	181.52
Pacific Basin (714)	154.19	+0.6	152.15	104.63	137.52	108.79	–0.3	1.09	153.39	152.27	105.01	137.17	109.07	159.07	105.89	108.71
Euro-Pacific (1465)	149.96	+0.5	147.97	101.75	133.74	121.09	–0.1	1.93	149.27	148.18	102.18	133.47	121.25	154.05	117.26	127.31
North America (627)	180.76	+0.4	178.37	122.67	161.25	179.82	+0.4	2.78	180.02	178.71	123.26	161.01	179.05	182.38	171.51	167.14
Europe Ex. UK (532)	125.83	+0.3	124.17	85.41	112.25	118.79	+0.2	2.68	125.43	124.51	85.88	112.18	118.55	128.65	112.51	132.70
Pacific Ex. Japan (244)	186.41	–0.1	183.94	126.51	166.27	172.38	+0.0	3.20	186.50	185.14	127.70	166.79	172.38	194.08	152.70	173.37
World Ex. US (1652)	150.62	+0.4	148.63	102.22	134.34	123.21	–0.1	1.95	149.95	148.85	102.66	134.09	123.35	154.27	118.51	129.04
World Ex. UK (1952)	159.71	+0.5	157.59	108.38	142.46	139.13	+0.1	2.09	158.98	157.82	108.84	142.18	138.94	161.34	134.22	137.12
World Ex. So. Af. (2111)	160.71	+0.4	158.58	109.06	143.34	141.57	+0.1	2.27	159.99	158.82	109.54	143.08	141.43	162.74	137.29	141.38
World Ex. Japan (1701)	168.15	+0.4	165.92	114.11	149.99	164.23	+0.3	2.93	167.49	166.26	114.67	149.79	163.76	170.05	157.47	163.95
The World Index (2171)	160.92	+0.5	158.79	109.20	143.53	142.12	+0.1	2.27	160.19	159.02	109.67	143.25	141.97	162.86	137.32	141.75

Latest prices were unavailable for this edition. French market closed July 14.